THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established In 1917

October 30, 1948

TWO MONTHS OF GY

AN EDITORIAL

Korean Economic Deterioration

Hugh Deane

Letter From America

Mary Barrett

US China Policy And 1948 Election

Lawrence K. Rosinger

KOREA'S FREE PRESS

AN EDITORIAL

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LETTERS From The People

Comments from readers on current topics are cordially invited: their opinions, however, do not necessarily represent the views of The China Weekly Review.

Nation's Future

To The Editor:

Under existing conditions it is a little surprising to find our nation celebrating October 10, our National Day, which saw the overthrow of the Manchu dynasty some 37 years ago. However, there were many patriotic and righteous people, anxious about the fate of the nation, who heaved deep and pessimistic sighs.

Following the currency reform measures of August 19, commodity prices have remained stable and my eldest sister heard the news and rejoiced over the economic victory. People believed that the Gold Yuan might be trustworthy and they could live happy pre-war lives once more. After a few days, the country folk from various villages arrived with handfuls of silver dollars and fapi which they had stored up for almost 10 years and now wanted to convert into Gold Yuan. This was a good sign and revealed that there were people ready to accept the Presidential mandate. They were cooperating with the wishes of our Generalissimo and dealt the egotistical profiteers, speculators and manipulators a severe blow.

Thus China had a golden opportunity to revive, but recent news of our sanguinary civil war has brought on new gloom. In addition, as far as commercial conditions are concerned, commodity prices have gone sky high; polished white rice in Shanghai went up to GY60 per picul and prices of daily necessities went up in Ningpo, while many firms closed down because of the buyers' rush. This was obviously a sign that the people were fearful that the GY might go the way of CNC. It involves China's future, for the future is dependent entirely upon this drastic currency reform and the Government should take into consideration the present crisis or else we Chinese, like big fish, will be unable to get out of the net.

C. K. HU.

Ningpo, Chekiang
October 12, 1948

Reader Refutes

To The Editor:

The *China Weekly Review* of October 16 published an article concerning "Viet Nam's Three Year War."

The arguments presented by the author, William Johnson, are identical with those used by the Viet Nam in its propaganda against France. On the other hand, the writer omits to say that Indochina owes its development to France, and that only a small part of the population took advantage of the departure of the Japanese to fight the French authorities in Indochina. Besides, if these natives had not been supported by US military and diplomatic aid the conflict would have come to an end a long time ago.

M. D. A.

Shanghai
October 20, 1948

THE CHINA WEEKLY REVIEW

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Stilwell Papers

To The Editor:

Until the "Stilwell Papers" were published, observers including Professor Owen Latimore could not understand the accusation that the Kuomintang's ruling clique was conspiring against the Allies in the dark days of the war by negotiating for a separate peace. They could not explain why such Number One war criminals as Isogai were not sentenced to death and why Okamura has not been sentenced at all. They could not believe that pro-American elements, persecuted, prosecuted and tortured by the Japanese, are still *persona non grata* to Nanking. Above all, why should those Kuomintang generals and politicians known as having amassed huge fortunes by collaborating with the enemy be honored and left bossing us as they did in the days of their Mikado's supremacy?

Now the "Stilwell Papers" answer these questions to a small but definite degree.

This inside story explains and tells us what is wrong. It probably also gives the reason why American-armed troops now are exposed and their arms delivered to the Reds. "The pro-Russian activity is very strong." After all, the Kuomintang's ruling clique was known to the world at large as "nothing but Red" 23 years ago. Its leaders were educated on the slogan, "down with the Anglo-American imperialists!"

If ever Comrade Josef Stalin and his official historians have a chance to compile a book on the "Decline and Fall of the United States of America," the contribution of the Kuomintang's ruling clique shall not be ignored. Henry Luce, Walter Judd and Company will be recorded with merits from the Kremlin.

HU LI-TU.

Hongkong
October 13, 1948

Prisoner's Faith

To The Editor:

May I thank you for your kindness in publishing my letter of September 18 setting forth the facts of my case in your issue of October 2. I beg to impose upon your time once again in the hope that you will publish the following:

Having failed to end my life in two attempts, and having endured a hunger strike in the jail hospital for over 20 days without result, I am now waiting for the High Court to give its attention to my case, which is on appeal. Since I have been sentenced to three and a half years of jail for crimes which I did not commit, and was convicted by a prosecuter who did not make any investigation of my case and did not even question me regarding the facts thereof, it goes without saying that my present condition is the result of a grave miscarriage of justice. I am too poor to afford a lawyer to plead my case and as there is no Civil Liberties Union in China to come to my defense, I must exist solely on the hope that the judges of the High Court will be equitable and will review the facts of my case with fairness and impartiality.

I believe in the competence of the High Court and I am sure that, after considering it, they will conclude that I was the victim of a deliberate frame-up and justice will be done me. No matter how crushing the blow that downs me at the moment, and no matter how miserable I am now—sick, cold and hungry—with faith unshaken I shall continue to believe in God and justice. Somewhere deep under the tortured surface of my mind is the knowledge that justice will come to me, since I am not

guilty of the crimes for which I was sentenced.

JACQUES MATIATOS.

Ward Road Jail
Shanghai
October 18, 1948

President's Appeal

To The Editor:

Our President recently made a stirring appeal to his people, asking us to work hard and live frugally so as to hasten the victorious conclusion of the Bandit Suppression Campaign, thereby removing the last obstacle to the successful realization of National Reconstruction.

Now, we ordinary people can't do much else but "live frugally" and "work hard" if we wish to keep body and soul together. It is only the rich who are in a position to give up anything for their country, and this group has absolutely no intention or desire to do so. Their only aim at present is to maintain and increase their fortunes, the latter activity, unfortunately, being all too easy to do in these times of stress and corruption. They don't hesitate to gyp their Government whenever possible, never considering that if their Government falls to the Communists they would either be liquidated or reduced to complete poverty.

Instead of merely making speeches and requests, the President should force the bureaucrats and millionaires to contribute to the national welfare by enforcing definite political steps. I should like to suggest the following:

1) Enforced collection of an equitable property tax.

2) Thorough housecleaning of the ponderous bureaucratic setup within the Government.

3) Fair salaries for those Government officials who survive the housecleaning, so that the temptation of corruption will be lessened.

4) Increased production to be encouraged by every possible means, even if it means doing away with most of the prevailing regulations.

5) Negotiating a quick end to the Civil War while the Government still has something left to bargain with. If this is put off too long, the Communists will have sufficient control to enable them to demand all and concede nothing.

E. M. T.

Kunming
October 12, 1948

Failed Exam

To The Editor:

I am only able to read your magazine from time to time because I am so short of money and am unable to subscribe to it. I read each copy again and again, word by word. I often feel that the *China Weekly Review* not only helps me to get some information about world events and helps me in my learning English but it is also so fair in its attitude that I wish to inform you of the following:

I am a student who has failed his university entrance examination. Now, whenever I see relatives (especially some of my uncles) and friends they look down upon me. Being despised by others because of this failure I am forced to hide in my house all day and dare not go out. I am not solely responsible for my failure for there are other reasons which caused me to fail the examination. I think I can say that some of the reasons are the fault of others. First, there are no good teachers to teach us; second, the conducting of university entrance examinations is not always proper.

I have studied in a senior middle school for three years and have never

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—JEAN-PAUL RICHTER.

●

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met a teacher of wide knowledge. Most of them are ignorant people. When I learned higher algebra, the man who taught the class could not solve half of the problems he gave us from the class textbook. If we asked him to solve a difficult problem he would become enraged. Some of my friends failed their entrance examinations because of their poor mathematics. At school, we used to strike in order to get rid of such teachers, but in vain.

In the entrance examination itself we had to compete with college students who were freshmen or sophomores, and even seniors participated. How could we hope to compete?

Though I failed I do not bewail my fate. I do not murmur against Heaven nor hold a grudge against men. But I wish the Ministry of Education would investigate the circumstances I have described.

JO-SAN CHEN.

Yen-Chow, Chekiang
October 18, 1948

World In Danger

To The Editor:

Nowhere in the whole world does true peace reign, while millions of people have been deprived of their freedom. To a large extent the people are suffering more than ever. If we let this situation continue and intensify day by day, surely the entire world will collapse.

The big question is how to rescue the people from the difficulties brought on by the "Cold War" between America and Russia. This so-called war of nerves is being conducted by virtue of imperialistic competition to extend invading forces to every nook and corner of the globe where they can obtain wealth and power. I don't think these two nations can be everlastingly happy while doing this and at the same time the people in other countries are affected by this gigantic struggle and will have to suffer.

I believe that the fate of the world depends upon some method of reconciling the contradictions and misunderstandings between the world's two most powerful forces. If this is done and both America and Russia can adopt an attitude of tolerance and humbleness with the goal of arriving at a state which would help the world's common people, then and only then, can the present atmosphere of war be eliminated.

The whole world, methinks, belongs to neither America nor to Russia in the long run. Among the people, the poor and the laborers generally are more in number and have greater power than the capitalists and arbitrary rulers of the world.

Nowadays the poor all over the world are fighting against starvation and the numerous laborer strikes are warnings to the tyrants and capitalists. Why does the policy of these imperialistic and capitalistic governments remain unchanged?

P. K. WU.

Tongshan, Canton
October 20, 1948

Korea's Press

To The Editor:

I think you and your readers might be interested in the following item which appeared in the *Seattle Times* on October 13:

"Bong Y. Choy, visiting in Seattle, talked today of the freedom of the press in the United States. He is News Editor of *The Han Sung Ilbo*, in Seoul, Korea.

"South Korea has a form of censorship," Choy explained. "Newspapers are not permitted to criticize the government, or to print articles that can be interpreted as likely to cause trouble between political factions.

"All publications are licensed by the Office of Public Information, whose edicts are enforced by the police. If a police official reads a newspaper article and interprets a word or two in it as likely to cause political unrest, he has the authority to investigate the publisher's establishment and to put the reporter and editor in jail if he wishes.

"Then the police take their case to the Office of Public Information, which can suspend the newspaper by revoking or suspending its license.

"Since Korea has no *habeas corpus* law, the jailed persons may be held indefinitely without trial.

"Before being hired by a publisher, an editor must be passed upon by the O. P. I. If he has leftist leanings, he probably will not be allowed to go to work.

"Three newspapers and one news agency, the Korea Press, already have been suspended for publishing an article sympathizing with the North Korean government, which is Communist dominated." Choy said.

What would you call that? The Golden Curtain?

H. W.

Seattle, Washington, USA
October 14, 1948

"Review" Reader

To The Editor:

I am of the opinion that a journal's success depends not a little on the support and the confidence of its readers. A good journal must voice their opinions, utter their grievances, and maintain good relations with them. In a nutshell, it must exert its utmost to serve in every way for the benefit of the readers.

As things look now, it seems to me that the relations between the *Review* and its readers are not more intimate than those between the sellers and the customers. They are far from close, and are in dire need of strengthening. The following suggestions are aimed at, so to speak, improving the situation.

First, a question and answer department should be established, in which readers' questions are answered. While I don't deny the fact that some puzzled readers satisfactorily get their answers from the *Review's* English Lesson Department occasionally, I must point out that lots of questions from the readers had been left unanswered somehow or other. Such practice disappoints the readers not a little, and, to be sure, it is not only a loss to the readers, but a loss to the *Review* as well. I am of the opinion that questions and answers of general nature should be openly published, while letters of other nature should conditionally be answered personally.

Second, it is common practice that letters to the Editor, in which some suggestions had been made, were published with no response to them on the part of the Editor. It will, I am sure, dampen the enthusiasm of the readers, and cause the readers to become tired of making further suggestions. Therefore, I am of the opinion that if you don't see fit to answer the readers' suggestions separately, it is advisable for you to sum them up periodically, say once a month or so, and give them an answer.

Third, in your Books Department, many new books of interest have been recommended and some of the readers really want to get them for perusal. As they are almost entirely foreign books and are not obtainable in most parts of the country, it is up to the *Review* to help to get them. For this purpose, the establishment of a sales

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agency by the *Review* seems to be quite necessary.

Fourth, the *Review* should see to it that every Letter—To—The—Editor writer really receives your complimentary copy. It is only human nature for them to want to see their letters printed and to keep them. And perhaps you would know that some poor readers, being unable to buy the *Review* for money's sake, try to get one copy or two in return by writing letters to the editor. How disappointed they will be when they find that their efforts prove futile. Unfortunately the fact is that, some letter writers, I, for one, did fail to get their complimentary copies occasionally. It is hoped that something will be done to amend the situation.

ROBERT K. HSU

Kaiping, Kwangtung
October 5, 1948.

(The editors are prepared to answer as many questions as possible. In fact quite a few questions are answered personally especially because it is felt that the average reader is not interested in reading such questions and answers. However, if enough readers indicate that they would like answers printed, the editors shall be glad to cooperate. It is the general practice of American newspapers to leave letters written by readers unanswered unless the questions they raise be of especial importance. This practice stems from the view that such columns belong to the readers and questions asked of a general nature are for other readers to answer if such questions evoke sufficient interest. Questions, however, about the magazine, such as those pointing out mistakes or challenging the opinion of editorials are commonly answered by the editor. It is more or less impossible for the editors to undertake the establishment of a book sales department. The editors, like most of the readers, do not have access to foreign exchange, to mention but one handicap. The New Books of Interest section is maintained, despite the fact that virtually all books reviewed are unobtainable in China, because the editors feel that during such a period a short guide to what is being published abroad is of special value to readers who would like to "keep up" as best they can. The editor personally answers virtually every letter published in the Review and sees to it that a complimentary copy of the issue in which each letter is published is mailed to the writer. However, upon occasion the editor has found it impossible to answer some letters because they do not bear the writer's address. Despite the repeated publication of a notice instructing all letter writers to enclose their full names and addresses, many letters continually arrive totally unsigned or at best bearing the writers initials. Unsigned letters are regularly consigned to the wastebasket, while those bearing initials are occasionally—very occasionally—published providing that the letter is of particular interest and does not touch upon controversial subjects. The editor would like to take this occasion to remind prospective writers of Letters To The Editor that they must include the writer's full name and address. The name will not be published, only the initials, if the writer so states and under no conditions will names or addresses be disclosed to outside persons, either official or otherwise. The letters incidentally, are kept under the personal supervision of the editor and so may be considered quite safe.—Editor)

Changchun Refugee

To The Editor:

Being a refugee from Changchun, I am in a position to present to the public what I saw and heard in that city while there during the past year. Since it is impossible for me to describe in a single letter the many things which happened I can only pick out some typical instances.

By June of this year Changchun was entirely blockaded by the Communists and the scarcity of food became most pressing. Prices rose higher than even the well-to-do families could afford. The lower classes had no alternative but to wait for death. To make matters still worse, large amounts of banknotes were issued with which the army bought what little food remained. There was a well-known saying of one of the generals, "I never care whether the people have enough food because I'm sure that they don't have any weapons. But if the soldiers are short of food, how can they keep silent.

The government finally decided on a plan for solving the food problem. They simply decided to compel the poor to leave the city. Once out of the city, they were not allowed to re-enter. At the same time, the Communist forces surrounding the city would not let anyone pass through their blockade-line. In the area between the KMT and CP territory there was practically nothing to eat and these exiles were reduced to existing on grass.

The Communists raised their blockade at times and allowed these miserable people to proceed. This gave the people a clear impression of the fact that the Communists are highly favorable to the people while the Kuomintang Government tortures them. As far as I know, the people in Changchun looked to the Communists as their sole savior. In a word, the KMT army's staying in Changchun only prolonged the suffering of the people. For the sake of the people it is generally hoped that they will be withdrawn from that city as soon as possible.

T. C. LIU.

Peiping
October 20, 1948

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THE CHINA WEEKLY REVIEW
密勒氏評論報
A Weekly Newspaper Established in 1917

The editorial pages present each week the opinions of the editor. The other pages of The China Weekly Review are written by the other members of the staff and the contributing editors who report and interpret the news irrespective of the views expressed in the editorials.

Vol. III Shanghai, Saturday, October 30, 1948 No. 9

Two Months Of GY

LOOKING back at what has happened on the local economic front since August 19, we certainly cannot help wondering why those responsible for the mess, and a mess it certainly is, have not made use of one of the many occasions they have had to offer some real and objective explanations. For weeks and weeks the buying rush continued. The shelves of stores and stalls are empty or almost empty. Most of the "frozen" prices have melted away. To obtain, even at far higher prices, oil, lard, milk, meat, flour, bread, or soap is either impossible or, at least, extremely difficult. Commercial exporters are facing tremendous obstacles. Obviously, in all fields, in production, wholesale commerce and retail trade, money is buying very little at present.

Moreover, as the buying rush continues and people are willing to buy things they may not need at present and perhaps may never need, it is evident that the consuming public is afraid supplies may decrease still further. What was going on and what continues to go on, so far as goods are still available, certainly is neither a buying rush nor a buying spree. It is a buying panic.

Asking who is to blame for the disaster, we have been told that the public's lack of confidence in the new money is the chief source of the evil. This no doubt is a partial truth. The public had confidence. The public hurried to sell bullion and foreign exchange. The public quietly changed old money into new. Merchants simply altered their price tags on the basis of CN$3,000,000 for one new GY. There was no rush, no craze, no panic.

It should not be forgotten that the rush started when the Government, shortly after announcing its price freezing order, doubled taxes on cigarettes and wines, allowed a tremendous hike in gasoline prices and permitted a 50 percent increase of the kerosene price. Surely, kerosene is no luxury and surely, gasoline is used not only for the limousines of the wealthy but also for those thousands of trucks which transport the very goods whose prices are said to be frozen.

By so doing the Government shattered the public's confidence in the curreny reform. The man on the street needed no economic training to understand that when prices are "frozen," one must not increase taxes and the rates of essential items such as kerosene and gasoline. Moreover, the man on the street quite naturally took it for granted that when imports are restricted, matters will go wrong. He pretty well knew that there were official imports and clandestine ones and he also knew, as we all did, that in various lines officially permitted imports had been very very small. He knew that in many fields the trade and the consuming public had depended on smuggled cargoes. He knew there would be no chance to get such goods in the near future. Now, if the ordinary citizen was well aware of all this how could it happen that the Government itself was surprised by the buying rush and the lack of confidence in the new legal tender?

The rationing system which, of course, had to be prepared *before* the promulgation of the new currency, still is but a theme of conversation. Rice is supposed to be imported, but if actually the necessary amounts of money will be granted and if rice really will be available abroad in large quantities, it will take many weeks until the first shipments will arrive. When the rice arrives, there will still be a shortage of oil, sugar, wheat and dozens of other essentials and again and again people will return from their long and tedious shopping hours with empty hands and empty stomachs.

To the man in the street, it was a nice spectacle to see Mr. A. arrested and the rich tycoon B. jailed. There was no pitying the big shots. But when the masses realized that matters were going from bad to worse in spite of such arrests, when reports from the North stated that enormously high rates were offered for foreign exchange, they wanted less circuses and more bread.

Who then was and still is responsible? Certainly not the little grocer who does not know how to replace the goods sold at official prices. Certainly not the shoemaker who does not know where to buy, at official prices, new leather. Certainly none of those who had so much confidence in August but hardly any belief in their money's buying power in October.

If governments are supposed to represent the people as a whole, they are bound to explain their doings. When governments are supposed to be responsible for their failures, it goes without saying that the least they have to do is to admit the failure and to ask for help. Such help would be granted in the form of advice by hundreds of experienced businessmen and bankers—providing they could be sure the Government would follow their advice. At no time, in no land has any government achieved economic improvements by theoretical rules, police methods and the hangman.

Let the Government call a conference of businessmen and bankers and promise them to do what such experienced men will request it to carry out. That the Government's policy was a

failure is obvious enough. The mistakes committed are evident. The consequences are disastrous. No one can expect improvement by sticking to methods and thoughts which have proved unsuccessful and injurious. In a country that can be proud of its experienced businessmen and its highly trained bankers, nothing indeed could be more logical than to call them to a conference and to ask and follow their advice. If nothing of this kind is done, no American aid, no American dollars can help.

Korea's 'Free' Press

WE were pleased to read a *United Press* story from Seoul, capital of South Korea, last week which reported that the new Korean Government plans to promote the development of a free and responsible press which will be something like the press in Britain and America. This was indeed encouraging news, especially in view of the fact that the press is having such tough sledding in some other parts of Asia.

The *UP* story said: "The Government of Korea stands squarely on the principle of freedom of the press along Anglo-Saxon lines and plans no legislation which would restrict free collection and distribution of news in this country, Kim Dong Sung, director of information in Syngman Rhee's cabinet, told this correspondent today."

Kim explained the fact that a few newspapermen, who were arrested some time ago by the police, and are now in jail, by saying that the arrests were made under old laws, some of them going back to the Korean legal code prior to the Japanese annexation. These laws will be brought up to date as soon as possible, he said. He further said that the press is free to print all news so long as this news is honest, factual and presented in proper proportion. There is no objection to criticism of the government in editorials so long as these editorials are not designed to "overthrow the government." Kim then went on to say that the Korean Government, realizing the importance of an informed and enlightened populace, planned to make available to the press full accounts of its activities. However, he said, the Government did not plan to enter the press field and would not establish official newspapers, news agencies, etc. Kim concluded by saying that the Government also felt that it had a right to expect a "reasonable degree of cooperation" from the press, especially since the Government is now engaged in what amounts to a "cold war" with the North Korean Reds who hurl "slander, libel and falsehood" at the South Korean Government.

This all sounded pretty good, except of course the fact that some newspapermen are today still in jail because they violated a few old, antiquated laws which the Government hasn't yet got around to abolishing. However, we have Kim's word that this will be done speedily and, we may presume, those unlucky newspapermen now cooling their heels in jail will then be released.

We were particularly glad to see this story because we had just received a letter and clipping from a reader in America who seemed somewhat perturbed about press conditions in Korea. This letter appears in this week's Letters to the Editor columns on Page 222. Our reader in America might well have been concerned, since another Korean newspaperman, Bong Y. Choy, reported that South Korea does have a form of censorship. He said newspapers are not permitted to criticize the Government or to print articles that can be interpreted as likely to cause trouble between political factions. All publications, he says, are licensed by the Office of Public Information (presumably the organization of which Kim Dong Sung, whom we have quoted in the foregoing, is the director) whose edicts are enforced by the police.

While we are not in a position to know just how this registration business works in Korea we are quite familiar with a similar system in China and can say that we don't like our system at all.

Choy continued by saying that if a police official reads a newspaper article and interprets a word or two in it as likely to cause political unrest, he has the authority to investigate the publisher's establishment and to put the reporter and editor in jail if he wishes. Further, the police can then take their case to the Office of Public Information, which can suspend the newspaper by revoking or suspending its license. Since Korea has no *habeas corpus* law, Choy said, the jailed persons may be held indefinitely without trial. Three newspapers and one news agency already have been suspended for publishing an article sympathizing with the North Korean Government, which is Communist dominated, Choy said.

While Choy's remarks do not paint a very pretty picture of press freedom in Korea, we now have the word of Kim Dong Sung that the Government really desires a free and responsible press and plans to repeal its old restrictive laws very soon. Perhaps as soon as this is done, the suspended papers can resume publication and also perhaps the editors and reporters still in jail because Korea has no *habeas corpus* law will be released. Since Kim seems like such a reasonable individual, at least according to the *UP* story, he or some of his fellow officials will probably one day get around to framing a *habeas corpus* law for Korea, an absolute "must" if Kim really wants to make a second Britain or America out of Korea.

One thing which was missing from the interview with Kim was any mention of whether or not the Government had the power to suppress the news before publication. We were able to assume that editors and reporters and newspapers had been punished afterwards, but we were not able to determine whether or not there was a censorship organization which viewed the news before publication and then instructed the press. Now, however, we are in a position to answer this question, again, thanks to the *United Press*, which seems to be very

well up on the Korean situation. In a story datelined October 21 from Tokyo, *UP* reports on the rebellion in South Korea which broke out last week. At the end of the story, *UP* says: "Reports here said that Seoul newspapers printed nothing about the disorders on orders from the Home Minister who suppressed the news on the grounds that it might cause public uneasiness. Earlier, the Home Ministry had justified the suppression of such news on the grounds that it would furnish information to the North Korean Pyongyang Radio which carries on continuous agitation against Rhee's government."

* * *

JUST how the Home Ministry (Ministry of Interior) got into the picture we don't know, since Kim in his interview failed to mention it as having anything to do with the press. However, we presume that this ministry, which in many European countries as well as in some other parts of the world, controls the state police, the secret police, etc., also functions in Korea. In any event the Home Minister's statement seems to be at some variance with those made by Kim Dong Sung, the director of information. Kim says the Government values an informed and enlightened populace, but the Home Minister is afraid for the populace to know that widespread riots have broken out for fear that it might cause "public uneasiness." Kim says that the press is free to print *all* news so long as this news is honest, factual and presented in proper proportion. Again he and the Home Minister seem to be walking in opposite directions. Another reason for suppression of the news of the Korean riots given by the Home Minister is that he didn't want the North Korean radio to find out about them. However, several prominent Korean leaders have publicly charged in statements made to the world at large through the international news agencies such as *UP* that the riots were instigated and directed by the Russians and the North Koreans. If they are right, then the Home Minister is certainly way off base in justifying the suppression of this news so that the North Koreans won't find out about it. Besides, just to labor the point a bit, the Home Minister must have known that in making such a statement to an international news agency, the North Koreans would be able to hear it on the radio within a matter of minutes.

It might almost seem that some of the Korean leaders should get together on their ideas of what form the Korean press should take before they begin making statements to the foreign press. Also, it might seem that the South Korean Government is finding its ancient, pre-Japanese occupation press laws, as well as its lack of a *habeas corpus* law, a bit convenient at present.

Conquest Of Plague

A PRESS report from San Francisco recently quoted two noted plague fighters, Dr. Robert H. Pollitzer and Dr. Earl Meyer, as saying that it now seemed possible to stamp out plague in its breeding places by the combined use of DDT, sulfa drugs and streptomycin. Such news is indeed encouraging for countries, such as China, where plague is endemic in different parts of the country.

Dr. Meyer, who is the director of the Hooper Foundation for Medical Research stated, "For the first time medical science now has the tools for fighting plague. It no longer is a question of looking for them—it is just a question of using them."

Dr. Politzer, epidemiologist for the United Nations' World Health Organization, and who is well known to people in China where he has been fighting plague for nearly 30 years, said sulfa drugs have been used successfully in 50 percent of plague cases, while the use of a serum produced by the Hooper laboratories and streptomycin bring even better results, with about 80 percent of the victims being saved. He cited an example in which 41 patients out of 44 plague sufferers in an isolated district in China were saved.

Although this news item merited only small attention in the local English-language press and probably got at most a line or two in American papers, it is of tremendous importance to China where plague has been a menace for centuries and where even today there is a new outbreak near the Burma border in Yunnan. Bubonic Plague was for untold years a scourge to most of the known world. The first known historic mention of plague was at the time of Trajan when plague epidemics in Libya were described. However, in later years, particularly after the 6th Century, A.D. plague became a frequent visitor to Europe, Africa and Asia. From that time on, historical accounts in almost each country of the world describe periodic outbreaks of plague, in such a manner that it often appears to have slowly spread around the world. For example, in the decade from 1870 to 1880 plague had been prevelent in Benghazi in Africa; Persian Kurdistan; Irak, on the Tigres and Euphrates; the Asir country in western Arabia; on the Volga, in Russia; northern Persia and the shores of the Caspian; Kumaon and Gurhwal in India; and Yunnan and Pakhoi in China.

Gradually, through the years, as the standard of living has climbed in places like Western Europe plague of an epidemic nature seems to have died out. This has been largely due to improved insect and rodent control, the development of medicine and the general betterment of the people in that they no longer share their living quarters with rats and are relatively free of insect parasites.

However, in many parts of the world today, especially in over-crowded places such as China and India, the danger of plague epidemics is nearly always present. Scarcely a year passes in China without a fresh outbreak in one or more parts of the country. Fortunately, in recent years such instances have been localized and a full scale epidemic has not occurred. This has

largely been because of the efforts of men such as Dr. Politzer who have worked on plague problems in China for many years. Although China is not able to avoid plague entirely because of the general poorness of the country and the low standard of living prevailing here, health teams can be dispatched to areas whenever a few cases of plague develop and the outbreak can be localized by speedy medical treatment of the victims and wholesale delousing of the local population, combined with fumigating of dwellings and rat extermination campaigns.

The report that up to 80 percent recovery among victims may now be expected is news of great importance for this country.

US Election Poll

READERS' attention is drawn to two particular articles in this week's issue of the *Review*. One is an analysis by Lawrence Rosinger, appearing on page 228, while the other is a letter from America by Mary Barrett appearing on page 234. These two articles discuss the American presidential election, which will take place next Tuesday, November 2.

Mr. Rosinger's article, which is reprinted with special permission from last week's issue of the *Far Eastern Survey*, attempts to answer the question of how the election will affect America's policy toward China. Mr. Rosinger analyzes the public utterances of both Mr. Truman and Mr. Dewey, as well as the remarks and actions of various prominent members of both major parties. His conclusion is that the outcome of the election will make little difference in America's China policy since both candidates and both parties appear to have drawn rather close together in their views on the China situation.

Miss Barrett's letter sketches the political scene in the US as it existed in mid-October and will give readers some background on the pre-election temper and thoughts of the American people.

It has been suggested to the editors of the *Review* that it might be interesting to sound out reader's opinions on this election, a very important one, not only for people in the US who are electing their president and chief official, but to the world since the new president is also the chief framer of American foreign policy. We have, therefore, printed a blank election ballot on page 224 of this week's issue where the three major candidates are listed. If you are interested in letting us know how you feel about the election, please mark your choice and clip the ballot and mail to the *Review* editorial offices. The election is Tuesday, November 2, so please mark and mail your ballot before then. We want pre-election views, not views shaped, consciously or unconsciously, by the actual outcome in the United States. After the ballots are received and tabulated, we will publish the results.

25 Years Ago
In The Weekly Review

Paper Money Problem

October 27, 1923

The difficulties connected with the issuing of paper money are being gradually overcome. At first the cash shops refused to deal in it on any basis and all, with one consent, closed and refused to exchange money. The merchants on the street also objected to the unjust demands of soldiers who presented the paper currency. The Chamber of Commerce has been working on the problem till now there is some hope of stability. However, the paper will doubtless be repudiated in the end.

* * *

Government Woes

More than 30 Kuomintang members of Parliament in Peking during the week under review sent a wire to Dr. Sun Yat-sen asking him to discontinue his opposition to the government. Perhaps the direct cause of this was brought about by the recent disturbance of Cantonese laborers and students who recently held a demonstration in Canton distributing handbills declaring that they would not recognize Marshal Tsao Kun as president, or the further existence of Parliament, charging American and British interests with supporting the regime, and suggesting a boycott.

* * *

Export-Import Picture

The American Commercial Attache has received the following cable concerning business conditions in the United States:

United States exports to China for August: $7,300,000; consisting principally of: Kerosene, gasoline, flour, leaf tobacco, cigarettes, lubricating oil, Douglas fir, motor trucks, and automobiles. August imports from China: $15,100,000; consisting principally of: tea, raw silk, carpet wool, wood oil, and goat and kid skins.

10 Years Ago In
The China Weekly Review

No US Credits

October 29, 1938

The Chinese Financial Mission reached Washington "too late" to obtain large United States credits for industrial shipments, a high Government official asserted in Washington. "It is unlikely that either Japan or China will obtain credits from the United States," he said, "in view of the financial difficulties which confront each country because of a protracted war." The official however, did not eliminate the possibility of additional US silver purchases from China or a monetary "understanding" under which US financial operations would be conducted with the minimum of injury, or perhaps without harm, to China.

* * *

Canton Collapses

Resisted only by hordes of vicious mosquitos, a pigeon-toed, bunioned-foot Japanese army, without so much as a bullet wound, on October 22 clumped up The Bund in Canton and stacked their rifles, thus cutting short the potential menace of South China to Japanese ambitions, and perhaps fatally stabbing further assistance by Great Britain and France to China through the use of railways for munitions shipments. The world was not prepared to witness such a quick and dramatic end to South China resistance....While the Japanese grabbed China's last remaining revenue-producing port and isolated Hongkong by the cutting of the Kowloon-Canton railway, the Far East waited in vain to hear rumbles from Britain and France—at whom the South China invasion was directed as much as at the Hankow government. Paris and London, engulfed in the European maelstrom, contented themselves with parroting Japanese assurances that foreign property and trade would be protected.

China Policy And The 1948 Elections

Lawrence K. Rosinger

(On the eve of the US presidential election this article is reprinted with permission from the October 20 issue of the FAR EASTERN SURVEY, publication of the American Institute of Pacific Relations.)

TO most Americans voting on November 2, United States policy toward China will not be an issue—certainly not an important issue. But in China, as the election returns come in, a different outlook will prevail. Politically - conscious Chinese, after finding out whether the new president is Truman or Dewey and how large a vote Wallace received, will discuss with great earnestness the meaning of the elections for their country. The Generalissimo in Nanking, Mao Tse-tung in the northern countryside, Peiping professors and students, Shanghai businessmen, Hongkong political exiles, and millions of other Chinese all appreciate how deeply American policy has affected their own lives and objectives in recent years. They will want to know whether the United States will expand, cut, or maintain at the same level its assistance to the Nanking government; whether future American policy will tend to prolong or to shorten the civil war; how the further development of American-Soviet relations will affect China.

Since there are perhaps 450 million Chinese, living in a very significant part of Asia, Americans might well ask some of the same questions. It is, of course, too early to forecast the China policy of the Administration and Congress which are to be elected. But it is possible at this time to examine the platform positions of the Democratic, Republican, and Progressive parties on China, with the relevant pronouncements of Truman, Dewey, and Wallace, and to analyze the handling of the China issue by the Truman Administration and the Republican-controlled Eightieth Congress.

Major Parties On China

The Democratic platform declares of China:[1] "Ours is the party under which were conceived the instruments for resisting Communist aggression and for rebuilding the economic strength of the democratic countries of Europe and Asia—the Truman doctrine and the Marshall plan.... Under the Truman doctrine vital aid has been extended to China, to Greece, and to Turkey." In his acceptance speech after receiving the nomination, President Truman stated on July 28:[2] "We have started the foreign-aid program, which means the recovery of Europe and China and the Far East." The newspaper record through October 12 does not reveal and further references to China in the President's campaign addresses.

The Republican platform declares of China:[3] "We will foster and cherish our historic policy of friendship with China and assert our deep interest in the maintenance of its integrity and freedom." In his first press interview following his nomination,[4] Governor Dewey declared on June 25 that, if elected, it would be a cardinal principle of his administration to help combat communist influences in China. Charging the Truman Administration with niggardliness in financial aid, he urged that the United States provide "military advisers, the kind of material the Chinese need and far greater financial assistance." Again on July 1 he indicated that phases of foreign policy which had not involved bipartisan collaboration—such as the "entire China policy or lack of policy" —would be subjected to major criticism during his campaign.[5] In Albuqquerque, New Mexico, on September 22, he asserted:[6] "In the face of their danger, America is giving necessary aid to the countries of western Europe and a trifling insufficient amount to China to enable them to regain their strength." And in Salt Lake City on September 30 he stated that "we shall bring an end to the tragic neglect of our ancient friend and ally, China." Asserting that this would be one of his eight major foreign policy objectives, he called for "a two-ocean foreign policy."

Progressive Party Opposes Aid

The Progressive platform, in addition to passing references to China, contains the following statement:[7] "The Progressive Party supports the struggle of the peoples of Asia to achieve independence and to move from feudalism into the modern era. We condemn the bipartisan policy of military and economic intervention to crush these people's movements. World peace and prosperity cannot be attained unless the people of China, Indonesia, Indochina, Malaya, and other Asian lands win their struggle for independence and take their place as equals in the family of nations." The declaration then enumerates the following specific planks on China: "We call for the immediate withdrawal of American troops and abandonment of bases in China. We demand cessation of financial and military aid to the Chiang Kai-shek dictatorship. We follow the policy of Franklin Roosevelt in encouraging the creation of a democratic coalition government in China. We urge support for and the granting of large scale economic assistance to such a government." In his acceptance speech on July 24 Mr. Wallace charged that American policy was producing "not life—but tens of thousands of deaths—on unnecessary battlefields in Greece, in Palestine, in China."[8] He subsequently referred to China in a number of campaign addresses. For example, in New York City on September 10 he stated that "we are proud of our enemies" and listed among them "the men who support fascists in Greece and China." Again in San Francisco on October 6 he called the Nanking government a "bottomless pit" and declared that "our position in China at the present time is morally bankrupt, and indefensible even from the standpoint of practical power politics."[9]

These pronouncements make it clear that the Republican and Democratic parties both favor assistance to Nanking, while the Progressive Party sharply opposes this policy. But, within the common framework of aid to Nanking, how do the Democratic and Republican positions compare?

Extensive US Aid

At the end of the war the United States gave extensive assistance to the Chinese government in taking over various Japanese-occupied areas before the Chinese Communists could enter them. Later General Marshall was sent to China as a civil war mediator, and President Truman declared that the United States would be willing to aid in economic and military rehabilitation "as China moves toward peace and unity." Durng the Marshall mission various forms of assistance to the Central Government continued, despite the gradual breakdown of mediation. Although the help given through 1946 was not unqualified, the total aid was substantial and included such items as extensive postwar military lend-lease goods and services, Export-Import Bank grants, surplus property, the American share of UNRRA assistance, and military advice and training. It is clear that this and subsequent aid has played a large—some would say a decisive—role in the survival of the Nanking government.

When General Marshall returned to the United States to become Secretary of State, he issued a blunt report which, while critical of the Chinese Communists, was also severe in its characterization of the Chinese government. The report stressed the need for thoroughgoing reforms in China. Later it became clear that, in the view of Marshall and others in the Administration, Nanking's shortcomings, the magnitude of the China front, and the other foreign commitments of the United States made it impossible to find an answer to Nanking's difficulties through American assistance. In foreign aid Europe had priority; and within Asia American strategy increasingly stressed Japan rather than

China. This is not to say that the Administration or the Secretary of State lost interest in the China situation. On the contrary, assistance continued, although at a low level, and the United States played an active behind-the-scenes role in Chinese politics.

Republican Criticism

Republican party leaders gradually took up China policy as an issue with the Administration. On January 11, 1947, Senator Arthur H. Vandenberg declared that the United States, which had been "impartially urging" Nanking-Communist unity, "might well now shift its emphasis." Expressing optimism about announced reform plans of the Central Government, he suggested that, "while still recommending unit," policy "might well encourage those who have so heroically set their feet upon this road, and discourage those who make the road precarious."[10]

This was echoed in a statement by Senator Styles Bridges of New Hampshire on January 31, and on February 10 Mr. John Foster Dulles, foreign affairs adviser to Governor Dewey, urged continued United States support of Nanking.[11]

From the spring of 1947 on, the deterioration of the Chinese government's military, economic, and political position became increasingly obvious. General Albert C. Wedemeyer's mission to China in July and August, his critical public statement regarding conditions in Central Government territory, and the subsequent disagreement within the Administration over some features of his secret report also helped to focus attention on China policy. Republican pressure now mounted. On November 5 and 20, 1947, Governor Dewey spoke critically of China policy.[12] On November 9, House Speaker Joseph W. Martin, Jr., asserted with reference to China:[13] "It's just as essential to fight Communism in Asia as in Europe." On the follow day Senator Robert A. Taft of Ohio declared that the United States could not deal with Europe without considering China and Latin America.[14] Probably the most active Republican of China issue was Representative Walter H. Judd of Minnesota, long a vigorous supporter of aid for the Central Government.

The climax of this phase of Republican criticism came on November 24, 1947, when Governor Dewey devoted a full speech to China policy.[15] Declaring that there had been a conspicuous lack of consultation and bipartisanship on China, Dewey asserted: "We need a strong policy in both oceans....If China falls, we may reasonably assume that all Asia is gone, and Western Europe and the Americas will stand alone....We are as bankrupt so far as Chinese policy is concerned." He criticized President Truman because the emergency foreign aid program presented to Congress contained no proposal for China, and said that "a comparatively small expenditure by our country should produce enormous results." Holding that, despite shortcomings, the Chiang government is "on the side of human freedom," he stated that the "open door" and China's "political integrity" were at stake. Dewey referred to an estimate that as little as £250 million annually for three or four years would provide Nanking with the imports necessary to maintain itself economically and that "a smaller sum in addition should meet all needs for purchase of military equipment and service of supply." He added that surplus materials on various Pacific Islands would provide much of what the Chinese armies immediately required and that American military advisers, already to a large extent on the scene, simply needed "orders to go to work."

Republican Pressure Effective

By the time of Governor Dewey's address Republican pressure was beginning to have an effect. On November 11 Secretary Marshall had told the Senate Foreign Relations Committee that the Administration would probably recommend a $300 million appropriation for China for a fifteen-month period.[16] The Republicans were subsequently successful in including an appropriation of $18 million for Nanking in the interim aid program. When Congress reassembled in January 1948 Republican pressure intensified. It is difficult to assess the relative weight of the motives involved, which included both political considerations and genuine concern over the situation in China. In the latter connection it was evident that the dominant conception of a China aid program on the part of the Administration differed in scope, timing, and strategic considerations from that of a number of its Republican critics. At the same time it is difficult to say to what extent the Republican senators and representatives as a group were interested in China policy, for most statements came from the leaders. Some who were below this level voiced their support of extensive aid to Nanking, but many made no specific statement, and a few expressed reservations or came out in oppositon to helping Nanking.

In a letter to Secretary Marshall on January 20, 1948, Senator Bridges demanded that a China aid program be submitted to Congress immediately.[17] On the next day former President Herbert Hoover urged that aid to China (as well as to Germany, Japan, and Korea) be joined with a European recovery plan.[118] For some time the Administration had feared that the ERP might suffer at the hands of Congress unless Republican criticism on China was met. Finally, in a special message to Congress on February 18, President Truman asked that $570 million be appropriated for Nanking for a fifteen-month period: $510 million for essential imports, and $60 million for a few selected reconstruction projects.[19] In this statement the President declared that, while the United States could "assist in retarding the current economic deterioration" and afford the Chinese government a breathing spell to take its own measures for stability, Nanking's own actions would be decisive. He added that "we have had to take into account a number of diverse and conflicting factors, including the other demands on our national resources at this time, the availability of specific commodities, the dimensions and complexities of the problems facing the Chinese government, and the extent to which these problems could be promptly and effectively alleviated by foreign aid."

The presentation of this program represented an almost complete capitulation by the Administration to its critics. But the criticism increased instead of diminishing. Senator Bridges urged that the program include arms as well as economic aid. In a speech of February 23 (following the same lines as an earlier address of February 12), Senator Taft declared.[20] "The practicability of rehabilitation for China and the value of relief is open to question, but certainly we can provide the Chinese Government with the arms and ammunition necessary to resist Communist forces in Manchuria as we have undertaken to resist them in Greece." He added: "I believe very strongly that the Far East is ultimately even more important to our future peace than is Europe." Taft's emphasis on the importance of Asia was in accord with a point frequently made by Representative Judd, who had stated on February 22.[21] "As China goes, so will go Asia." Judd had specifically recommended an immediate aid program "consisting of moral support, surplus munitions, American personnel for military training and advice at all levels, dollars to balance China's international payments, stabilize her currency, and loans for specified development projects. . . ." This, he said, "would not cost more than a billion and a half dollars."

Marshall's Position

Some of the differences in approach between Marshall and his Republican critics emerge from a comparison of Senator Taft's emphasis on military, as opposed to economic, aid and statements made by the Secretary of State on February 20, 1948 before the House Committee on Foreign Affairs. "I think," Secretary Marshall said, "the tendency to view the matter on the purely military basis is a natural one but it does not quite meet the situation. The military situation is very heavily involved in the political situation as it relates to the people and until certain fundamental things are done there, the chances are very slender of helpful action. The same is true on the military side. There are things to be done which have not been done, which have been recommended and pressed, time after time, over long periods. They have not been done and until they are done it is a very wasteful process to step in and endeavor to cure this situation purely on the basis of materiel, for example."[22] This estimate of the problem may in turn be contrasted with the view of General MacArthur expressed on March

3, 1948:[23] "The international aspect of the Chinese problem unfortunately has become somewhat clouded by demands for internal reform. Desirable as such reform may be, its importance is but secondary to the issue of civil strife now engulfing the land. . . ." The "two issues," he said, are "impossible of synchronization. . . . ."

The meaning of Marshall's stress on the non-military aspects of the problem requires further analysis. He was by no means unalterably opposed to military assistance for Nanking. On the contrary, considerable assistance of this type had been given since he first entered on the China scene, and in his testimony of February 20 he had enumerated at length an extensive list of surplus equipment which was being released to the Chinese government under actions of late 1947 and early 1948. Moreover, any practical analysis of the recommended program of $570 million reveals that it would inevitably have considerable military significance. This was true not only because in warfare economic resources are military assets, but because economic aid from the United States would leave the Chinese government free to spend on military purchases considerable sums that it would otherwise have to devote to non-military purposes. Consequently, from any immediate point of view it was the over-all total of American aid that mattered rather than whether part of it was specifically set aside for military uses.

Avoid Commitments

Marshall's concern was to avoid extensive, long-term commitments which might fully involve the United States in the Chinese civil war to the detriment of European policy. He declared quite specifically on February 20 that "the program should not involve the virtual underwriting of the future of the Chinese economy. The United States should not by its actions be put in the position of being charged with a direct responsibility for the conduct of the Chinese Government and its political, economic, and military affairs."[24] It is perhaps significant that Senator Vandenberg, who had in a sense launched the Republican criticism a year earlier, refrained in the later phases from joining in public pressure on the Administration and devoted his main efforts to putting through the ERP. In a speech in the Senate on March 30, 1948, he lauded Chiang Kai-shek and placed the same stress as other Republican leaders on the priority of aid over reform, but nevertheless echoed even the language of the Administration in expressing doubts about the Chinese situation and fears of too deep an involvement. Declaring that no continuity of obligations was being assumed in the recommended legislation, he said:[25] "It is a duty to underscore this reservation in the case of China because we find here many imponderables as a result of the military, economic, and social pressures which have understandably undermined her stabilities. . . . We cannot deal with the Chinese economy on an over-all basis, as we have done in the European recovery program. China is too big. The problem is too complicated. But we can serve some key needs with great effectiveness. . . ." There must, however, be no implication that "we are underwriting the military campaign of the Nationalist Government. No matter what our heart's desire might be, any such implication would be impossible over so vast an area."

Little Difference

Even more revealing of the narrowing down in practice of the gap between the Administration and the Republicans was the actual handling of the China appropriation by Congress after the President signed the general foreign aid bill in April 1948. This bill authorized $463 million for the Chinese government—338 million in economic assistance and $125 million to be used at Nanking's discretion, i.e., for military purposes. $463 million was roughly the twelve-month equivalent of the original $570 million proposed for fifteen months by the Administration. The inclusion of the $125-million military item was, as already explained, more symbolic than immediately meaningful. In essence, then, the Republican-controlled Congress — with some superficial changes—adopted the Administration's proposals.

But before the money could be made available it was necessary, under Congressional procedure, to pass a specific appropriations bill. Such a bill could, if the Congress so wished, provide for a smaller amount than that "authorized" in the earlier legislation. The House Appropriations Committee, headed by Republican Representative John Taber of New York, made sharp initial cuts in all phases of the ERP authorization, including a reduction in China aid from $463 million to $400 million and an extension of the period from twelve to fifteen months. Mr. Taber explained on June 3 that if there were less money, the Chinese government and the Economic Cooperation Administration would be more careful in spending it.[26] The report of his committee also declared: "The history of previous aid to China is not very favorable. . . ." On June 4 the Republican-controlled House passed a slashed ERP bill, including the China total proposed by the committee. The Senate Appropriations Committee recommended $460 million for twelve months—virtually the same as the originally authorized amount, and this was subsequently approved by the Senate. After the differing bills had been ironed out in conference, the final China appropriation, as passed by both houses, was $400 million ($275 million economic and $125 million—in effect—for military purposes) for twelve months.

There are several facts to be noted here: (1) The original sum recommended by the Administration was about $5,000,000 higher per month than the sum finally voted by the Republican Congress. (2) The initiative in reducing the China appropriation below the authorized $463 million came from the House Appropriations Committee, which had a Republican chairman and majority. (3) During the appropriations debate Governor Dewey took a position which coincided, in effect, with that of the Administration on the proper size of a China appropriation. This occurred on June 7 when, in an effort to secure restoration of the sums cut by the House, he declared: "The original authorizations for the European and China Recovery Programs were, in my judgment, the proper amounts required for the great purposes of the program."[27] (4) On the other hand, the Administration's own position on China policy had altered significantly under Republican pressure.

Thus it seems reasonable to conclude that during the Eightieth Congress the Republicans and the Truman Administration finally achieved, in practice, a very considerable degree of agreement on China policy. Here it is worth noting that differences in approach between the Administration and its Republican critics also diminished somewrat. Senator Vandenberg's outlook is one example of this. Another is to be found in President Truman's declaration on March 11, 1948, that the United States did not now advocate the inclusion of the Chinese Communists in the Chinese government and never had. As a formal repudiation of the concept underlying the Marshall mission, the statement had considerable symbolic significance.

Administration Concedes

Not only did the Administration make very substantial concessions to Republican views on China, but some Democrats in Congress themselves desired more aid for Nanking. As in the Republican case, it is hard to say how much interest in China policy existed in the Democratic ranks. A minority opposed, or had reservations about, the aid program. This group included, among others, Representatives Mike Mansfield of Montana and James P. Richards of South Carolina. The former declared on March 31, 1948, that "the present Kuomintang government has become conditioned to a constant expectation of continued American aid. This conditioning breaks down the initiative of any government and makes it more dependent than ever on outside assistance for survival. Furthermore, it all too often holds back the reforms in behalf of the people which should be expected of any good government. Many Americans have recognized the bad psychology of this type of dependence. Nevertheless, and in spite of the record, the Republican Party in this Congress has shown a great inclination to break up any effort which might cause the Kuomintang any anxiety."[28]

Opposition to China aid was also expressed in Congress by those members who had aligned themselves with the new Progressive Party. In public discussion Wallace himself made a number of statements opposing China aid.[29] On February 22 he called the Administration's $570-million proposal "war-provoking" and said that "sending money and military supplies to bolster reactionary governments against the will of their

people serves the cause of reaction and war, not democracy and peace." Again on March 18 he declared that in China "fundamental land reform is long overdue. . . ." And on May 21 he asserted that "American foreign policy has turned the 400,000,000 (Chinese) from friendship toward hatred of the United States."

In conclusion, it should be emphasized that the concrete details of the future China policy of the parties will depend not only on the background material just presented, but also on the results of the elections, as well as on such fluctuating factors as the situation in China and the general state of world affairs. In the last analysis policy-makers will attempt to deal with the entire international situation, but with varying degrees of emphasis. Their attitude toward China will therefore in part reflect the importance they attach to the course of events in such areas as Western Europe, Japan and Southeast Asia.

(1) *Congressional Record*, July 28, 1948, p. A4904.
(2) *Ibid.*, p. A4901.
(3) *Ibid.*, A4908.
(4) *New York Times*, June 26, 1948.
(5) *Ibid.*, July 2, 1948.
(6) *Ibid.*, September 23 and October 1, 1948. In an address of October 4 Senator Arthur H. Vandenberg declared, "'Bipartisan foreign policy' applies only where cooperative consultation and mutual decision exists from start to finish. Historically this has not been the case in China...." He also remarked that "it was Republican initiative which brought China back into active place in this (the foreign-aid) program." *Ibid.*, October 5, 1948. Previously, on October 3, a House Foreign Affairs subcommittee, consisting of three Republicans and two Democrats, had recommended continued aid of a military and economic character for China. *Ibid.*, October 4, 1948.
(7) *Congressional Record*, August 9, 1948, p. 5359.
(8) *Ibid.*, p. A5362.
(9) *New York Times*, September 11 and October 7, 1948.
(10) *Vital Speeches* (New York), February 1, 1947, p. 231.
(11) *New York Herald Tribune*, February 1, 1947; *New York Times*, February 11, 1947.
(12) *New York Herald Tribune*, November 6, 1947; *New York Times*, November 21, 1947.
(13) *New York Herald Tribune*, November 10, 1947.
(14) *Ibid.*, November 11, 1947.
(15) Text of address, as released.
(16) *New York Times*, November 12
(17) *Ibid.*, January 22, 1948. 1947.
(18) *Congressional Record*, January 22, 1948, p. A365.
(19) *Aid to China: Amended Report of the Committee on Foreign Relations on S.2393*, Eightieth Congress, Second Session, Senate Report No. 1026, Washington, 1948, pp. 2-3.
(20) *Congressional Record*, February 24, 1948, p. A1107.
(21) *Ibid.*, March 3, 1948, pp. A1380-81.
(22) *United State Foreign Policy for a Postwar Recovery Program: Hearings before the Committee on Foreign Affairs*, House of Representatives, Eightieth Congress, Second Session, Part 2, Washington, 1948, p. 1554.
(23) *Ibid.*, p. 2042.

THE PHILOSOPHY OF MENCIUS

King-Chau Mui
(Chinese Minister to Cuba.)

CONFUCIUS was prominently associated with his disciples who recorded his teachings faithfully so that prosterity of all ages would have access to them. Several of his followers achieved distinction. None, however, was as outstanding as Mencius, who, though not acquainted with Confucius during his lifetime, had studied under a disciple of the sage's grandson. Mencius's name is very familiar to young students who usually begin their study of the Classics by having to memorize in whole or in part the *Book of Mencius*. This book, a record of Mencius's conversations with people on various occasions, treats many subjects; such as the duty of man towards himself and others, the duty of rulers toward the subjects, the nature of man, the training of one's character, the practice of virtue, and Mencius's opinions of the virtuous men of the past.

Had Model Mother

Mencius was born in 372 B.C. of a scholarly family in the State of Lu, the home state of Confucius. Fatherless at the age of three, he was brought up by his mother, whose virtues and wisdom made her a model Chinese mother for 2,000 years. Known to every schoolboy is the story of her several attempts to provide a good environment for her young, impressionable son. According to the tale, she moved three times. Not until she had found a house near a school, and had seen her son following the example of other children going to class, did she relent. Before the age of 40, Mencius was not known to the public. He had been spending his time studying, investigating questions concerning society, politics and human nature, and associating with the disciples of Confucius. Like the great sage whose life was almost identical with his, he drew around him a group of followers.

It was then more than a hundred years since the death of Confucius. The period was characterized by continuous social unrest, chaos and wars. Mencius went from one court to another to teach rulers how to govern wisely. For 20 years his teachings fell on deaf ears. Although received with respect, he could not stir any prince or noble to action. Finally he withdrew from society altogether, retiring with a group of followers. He died in 289 B.C., at the age of 84.

Mencius was the first scholar in China to introduce an element of democracy into its political thought. The right to govern, he told rulers, depended upon the consent of the people; and through the will of the people one learned of the dictate of Heaven. He was wont to remind them of the illustrious example of King Yao, an ancient ruler of the Age of the Golden Rule. For many years King Yao had ruled his people well and had made them happy when he decided to choose his successor. Instead of giving his unworthy son the throne, he abdicated in favor of Shun, the ablest and the most virtuous man of his hindom. King Yao, by following the wishes of the majority, was doing the will of heaven, for the ancient classics said: "Heaven sees what the people see and hears what the people hear."

When carried into practice, Mencius's idea is very modern. The democratic way of electing presidents who serve not for life, but for a certain period of time, and who are supposed to be the ablest and wisest citizens of the nation. According to Mencius, the people come first, the State next, and lastly, the ruler.

Creed For Rulers

None but the virtuous deserve to become governmental officials and they should dedicate themselves to the happiness of all. As to who are the virtuous, he tells the ruler not to listen to courtiers or officials who may be prejudiced, but to the voice of the people. To dismiss officials, the ruler should investigate carefully into the matter when the consensus of the people demands it. And when the people wish the execution of certain officials, he may do so after proper proceedures. Thus, one can say that it is the people who execute the wicked public servants. Only by obeying public opinion can the ruler be fit to be the father of his subjects.

One day, a certain prince asked Mencius if it were ever justifiable to revolt against a king. Mencius retorted: "When a king treads on virtue and throws away his moral obligations, he is no longer king, but an ordinary individual. While no one has the right to harm his king, anyone can kill an undesirable individual." He further observed that when a ruler regarded his subjects as brothers, the subjects would look upon him as a sincere friend; and when a ruler treated his subjects as weeds, the subjects would consider him an enemy.

Does this not imply that when a government no longer works for the

welfare of the people, and no longer does the will of heaven, it should be overthrown by the people? If so, can anyone be more daring in justifying revolution for the good of the majority than was Mencius? Surprisingly, his political theory is not as conventional as one might expect from an orthodox follower of Confucius.

One day, when the Prince of Liang saw Mencius, he said, "Ancient One, you have come from afar. Will my country be profited by your presence?"

Mencius replied: "Why must you speak of profits? Only the pursuit of virtue is necessary. If the ruler asks, 'How can my country be profited?' and the noble asks, 'How can my family be profited?' and the scholar asks, 'How can I be profited?' the various conflicts of material gain will soon endanger the country.....So the pursuit of virtuous living is more important than thoughts of gain."

Faith In Human Goodness

By this conversation and others, Mencius emphasized over and over again his faith in the absoluteness of the good which must be cultivated and which should remain constant despite adverse circumstances, bad environment, outside pressure, brutal force, and public indifference. Such heroism has been displayed by numerous national heroes in the annals of Chinese history, and for this they are honored and revered by the people.

It is not surprising that next to Confucius, the Chinese give the highest place of honor to Mencius, who instilled the democratic spirit into their humanistic thought and inspired them with a zeal for virtuous living by emphasizing the innate goodness of human nature.

Economic Deterioration In South Korea

Hugh Deane

Tokyo, (Airmail)

AMERICAN-occupied South Korea is tending to retrogress toward the even more primitive type of economy which existed 30 or 40 years ago, the scanty economic data available in Seoul indicates.

Especially after its seizure of Manchuria in 1931, Japan pushed through a limited program of industrialization in Korea. While in the Soviet zone of North Korea intense efforts to rehabilitate and develop industry appear to have met with a certain amount of success, in the south the formerly Japanese-owned industries have largely disintegrated.

Korean Inflation

Some elementary data will delineate roughly the debilitating inflation which has characterized South Korean economy since the American occupation began in September 1945. The note issue, which was 167,000 yen in 1936, has increased from six billion won (yen) in August 1940 to over 30 billion in January 1948. In terms of indices, with the year 1936 as 100, the note issue was 19,375 in January 1948, deposits were 3,934 and loans were 3,104 in December 1947, prices were 149,381 and wages were 18,715 in January 1948. Statisticians point out that the price index is exaggerated because of improper weighing, but in general the figures reveal not only the unhappy relationship between wages and prices but also the stringent loan policy which has handicapped industry.

According to official estimates, industrial production in South Korea was somewhere between 20 and 30 per cent of pre-liberation before electric power from North Korea was cut off on May 14 of this year. The immediate effect of the cutting off of the power was to reduce production to roughly 10 per cent of what it had been previously. Since then, as the local supply of power has increased, production has recovered to a certain extent.

Many factors have fettered production: the artificial barrier of the 38th parallel, the repatriation of over 50,000 Japanese technicians, the difficulty of obtaining spare parts for Japanese-made machines, the shortages of coal, electric power and raw materials.

Even more important, however, the economic outlook of the authorities, and of some of the business groups which they represent, is very much like that which has led the economy of Nationalist China to its present precarious state. They are inclined to be more interested in speculation than in production, to mine the economy for short-term profits.

Financial, industrial and trade policies have not encouraged productive investment. South Korea's most important industries have been handicapped by a tight industrial loan policy, while non-productive political expenditures by the government mount and heavy speculative investments continue. In 1947 the government spent 500,000 won on the Department of Commerce, 1,800,000 won on the police force and over 2,000,000 on the constabulary and coast guard. It has advanced what some agrarian experts believe to be unduly large sums (15 billion won in 1947) for the purchase of agricultural products, thereby providing the local merchant-landlord class with speculative capital. In short, in the careful phrasing of a survey prepared by the Bank of Chosun for the United Nations Commission last January, "Greater importance has been attached to making available funds needed for the people's livelihood and for the preservation of public peace than for supplying funds for the desired industrial rehabilitation."

Substantial quantities of foodstuffs and luxury or non-essential goods have been imported since September 1945, but few capital goods. Out of the two billion won spent for imports in 1947, only 21.5 million went for the purchase of badly-needed machinery and parts. The Bank of Chosun survey noted: "Low tariff rates (maximum 10 per cent) are imposed, and instead of the (goods) most urgently needed in the industrial rehabilitation within the country, such sundry goods as are not essentially needed are imported to overwhelm domestic products and to raise the commodity prices in the market."

More significant than the low level of current production is the disintegration of the industrial plant, which in August 1945 consisted largely of 2,600 Japanese-owned factories and workshops. As the Bank of Chosun survey points out, "While the population of South Korea is steadily increasing, former Japanese-owned factories, which represent 90 per cent of all industrial enterprises in South Korea, are recording decreasing productive efficiency due to so many bottlenecks. . . . The loss of vast capital and manpower is becoming increasingly evident."

A number of the largest factories have been stripped bare of their machinery—dispersed on the black market or even broken up for scrap. Almost all plants, including the Showa Precision Industry Company, the Chosun Aircraft Company and the Hitachi works, have lost a substantial portion of their equipment.

The manager of a plywood factory estimated to me that his plant had declined 40 per cent in real value since August 1945, while his production had dwindled to less than five per cent. According to a table published in *Chosun Economics* (April 1, 1948), in 1947 the number of factories and workshops had declined by 55.3 per cent in comparison with 1945.

Break Up Of Industry

The breakup of South Korea's industrial plant has had two particularly significant effects. First, it appears to have encouraged the substitution of relatively primitive household and handicraft production for organized factory production. Little data measuring this phenomenon is available.

Second, it has led to a shrinkage of the working class from about 255,000 in 1943 and about 400,000 in 1945 to about 100,000 in 1947. The playwood factory manager estimated that his labor force had decreased from about 600 to 150. According to a survey made by the Korean Scientists and Technicians League, the number of workers in 11 formerly Japanese owned machine and engineering workshops in the Seoul-Inchon area had declined to 27.5 of the 1945 figure by the end of 1947.

Production in North Korea is believed to be between 30 and 40 per cent of pre-liberation. In 1946 it had fallen to between 10 and 15 per cent of pre-liberation; it doubled in 1947, according to official figures, and has increased steadily this year.

LETTER FROM AMERICA

Mary Barrett

San Francisco, October 19.

DURING this past week, the elections have been pushed into the background by the World Series. Every radio and television set has been tuned in on the baseball game, and the Indians and the Braves have for the moment seemed far more important than President Truman, Governor Dewey or Mr. Wallace.

Baseball enthusiasm, indeed, provided a contrast to the somewhat apathetic attitude that seems to characterize this year's election. In two months of traveling around the Pacific and East coasts and points in between, I have seen only one person wearing a campaign button. He was for President Truman. That indicates the unreliability of this writer's observations, for all the pollsters, while predicting a record low vote next month, see an easy Dewey victory.

Dewey's campaign is being waged on a high level. He talks about unity, teamwork in government, and is full of admiration for the essential honesty, good sense and hard working qualities of Americans in all parts of the country. This kind of talk has brought a few caustic remarks from some commentators, who fail to see how Dewey, with his support of the bi-partisan foreign policy, can arrive at unity with isolationist Republican elements in the House of Representatives, and who liken his ringing generalizations to high school graduation oratory; but it is conceded that his strategy won't alienate any voters, and that only a major boner could make him lose the election.

Dewey Boner

One minor boner may be a statement the governor made regarding atomic energy. In a speech at Phoenix, Arizona last month, Dewey said atomic energy should be taken out of the government's "dead hand" and turned over to "American initiative and skill." This was interpreted as meaning that Dewey advocates leaving the military phases of atomic energy to the government, but would turn the rest over to private industry.

The idea startled a few people, among them Max Lerner, who called attention to an interview with David E. Lilienthal, chairman of the Atomic Energy Commission, in *Life* magazine, in which Lilienthal points out that there is a reason why the development of atomic energy, unlike technological advances of the past, has been in the hands of the government and not private industry.

"There isn't any atomic energy industry," Lilienthal was quoted as saying. "There is an elemental process that is at once and in one package a key to knowledge, a means to therapy, a source of power and a weapon of devastating destructiveness."

Lerner then added his own comment. "This is one package you can't unscramble," he observed. "If you turn it over to private industry and private profit, you must turn the entire package over. And with it goes not only profit and industrial power, but also the terrible secrecy that surrounds atomic energy....Turn that power of secrecy over to private industry, and you turn over to it also the immense power of life and death, of freedom and silence, which is too much even for the best kind of government."

Dewey's statement passed almost unnoticed, however, until President Truman revived it some three weeks later with the promise that he would advocate continued public control of atomic development. There the subject was dropped, and it does not promise to intrude as a major campaign issue.

Bid For Roosevelt Followers

The lack of heat in Governor Dewey's campaign is made up for by President Truman, who is making a determined bid for the support of former Roosevelt followers. Centering his attention on the domestic scene (the bi-partisan foreign policy is not considered an issue in this election except by Wallace), he has repeatedly belabored the Republican-dominated 80th Congress for the present high cost of living, housing shortage and restrictive labor legislation, and has reaffirmed his support of a civil rights program.

One story making the rounds is that Truman has declared privately that he is 10 times the liberal that he was a year ago, that he owes this development to Wallace's influence, and that he is sorry he broke with Wallace. The credibility of this story is rated on about the same level as rumors that Wallace may withdraw his candidacy at the last moment in order to prevent a Republican victory.

While Wallace's Progressive Party has withdrawn 13 of its candidates in order to lend support to certain Democrats whose records it prefers to those of their Republican opponents, there is every indication that Wallace, who continually contrasts Truman's words with his performance, will see through his bid for the protest vote.

Wallace has taken his denunciation of American foreign policy and his plea for a return to a peacetime domestic economy on a widespread tour of the country. The highlight was his southern trip, where he talked about civil rights to non-segregated audiences and was—literally—egged on by some of his listeners. The deep sense of shock experienced by reporters who saw these performances was reflected in their dispatches, and a number of Southern newspapers declared editorially that while they disagreed with Wallace's views, they felt this interference with his right to express them cast a blot on the entire South.

A friend who returned recently from a visit to the South told me that non-Wallace Southern liberals, who believe that the race problem can be approached most successfully by Southerners without Northern interference, are declaring that Wallace set back the cause of the Negro some 50 years. The Progressive Party attitude, on the other hand, was voiced by Clark Foreman, Party treasurer and himself a Southerner, who said what was important was "not that a few people in some places threw eggs, but rather that so many people in the South listened attentively to what Henry Wallace had to say."

Foreman added that Wallace's opposition in the South came not only from Southerners but from representatives of the North as well. "The worst attempts at disruption," he said, "were in the mill towns of North Carolina where the majority of the spindles are owned in the North....and the steel towns of Alabama, dominated by Northern corporations which do not contribute either income tax or sales tax for the welfare of the state...."

Press Supports Dewey

Dewey's virtual assurance of winning stems from the number of votes he will get from people who are dissatisfied with President Truman and who feel that after 16 years of Democratic administration it is time for a change, plus the traditional strength of the Republican Party which, except for an occasional Wilson or Franklin D. Roosevelt, has been able to elect its candidate since the Civil War. He has most of the nation's press behind him, including such diverse papers as the isolationist *Chicago Tribune*, which regards him as the "least worse" choice, and the *New York Times*, which expects him to "carry out a bi-partisan American foreign policy with firmness and efficiency, and without the confusion of those sudden turns and quick reversals which have characterized the course of the present Administration."

Truman has the backing of such parts of the solid South as are not seceding into the Dixiecrat camp, and liberal elements, including the majority of organized labor, who are not wildly enthusiastic about him but feel he is preferable to Dewey. Wallace's following is made up of young people and intellectuals, a portion of labor, various minority groups, and, as is widely emphasized, the Communist Party of the United States.

There is, in addition, a large group of liberally-inclined people who feel they have no one to vote

for. This group is not attracted to Wallace, mainly because he has not disowned the support of the Communist Party. Its other objections include the feeling that Wallace has split the liberal vote and is thus insuring the election of a Republican president and congress; that Wallace is not the inheritor of the Roosevelt mantle since he has failed to win the support of many old-line New Dealers; and that Wallace's program is utopian and he himself a visionary.

Stay Away From Polls

Most of these people, whom Wallaceites dub the "displaced persons," would have lined up gladly behind General Dwight D. Eisenhower, Justice Douglas, or perhaps even Harold Stassen. As it is, many of them will vote for Truman, some for Norman Thomas, the perennial Socialist Party candidate, and the others will simply stay away from the polls.

Their attitude may be reflected in the low vote that it is predicted will be cast in November. New York City registration, on which much of the prediction is based, was 350,000 lower than 1944 registration and almost three quarters of a million below what was expected.

With so much uncertainty and so little enthusiasm in evidence among the voters in these pre-election weeks, the attraction of the World Series can be appreciated the more. There could be no doubt about Sain's or Beardon's pitching, and when the ball left their hands it was easy to see where it was going.

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The Week's Business

During the week ending October 27, business conditions in Shanghai and, according to news published in the local press, throughout China further deteriorated. Interest of all business quarters was focussed on developments in China's economic center, namely, Shanghai. The flight of capital from Shanghai continued throughout the week, with the daily amounts transferred to South China estimated as reaching GY10,000,000 per day. Simultaneously, capital was shifted from Tientsin to Shanghai.

Throughout the week under review, buyers continued to line up in front of stores — in spite of the latter's half-empty shelves. Foodstuffs available at official prices were scarce and many unobtainable. Various goods were available at prices which were 100 percent to 200 percent above the official market quotations. The supply of agricultural products was extremely limited, while bread, sugar, oil and lard were hardly obtainable at all.

The complicated situation was particularly evident in the fields of industrial and fine chemicals as well as textiles. Holders of supplies were hardly interested in selling at prices which they considered unrealistic and at which they could not hope to replace the quantities sold.

While the Economic Police continued to control shops and workshops and arrested quite a few storekeepers and artisans, the chaotic situation was featured by news reports that a barter agreement was concluded between the China Textile Industries and the Provincial Government of Taiwan. The former will supply 1,000 bales of cotton yarn per month in exchange for Taiwan coal. Such and similar arrangements were regarded by local businessmen as clearly indicating the abnormal situation.

While the week before, the market was impressed by news from Nanking to the effect that the Government was contemplating an allocation of US$150,000,000 for imports, news published during the week under review claimed that imports by firms using their own assets will be facilitated. Businessmen made it clear that if the latter news is correct they doubted the plan could be a success. They had hoped and still hope that the Government will decide to carry out the first plan. Its realization, they explain, would bring prices down and render exports possible.

Speaking of exports, reports by commercial firms in this respect were by no means favorable during the week under review. It was expected that when actual values of shipments carried out during the past week will be published, they will indicate a decline in commercial exports. While some firms were still in a position to ship cargoes bought and packed some time ago, they were confronted with huge difficulties in finding new cargo at prices corresponding to official floor prices. In at least one field, exporters were reported to have approached the Central Trust hoping to render shipments possible through cooperation with the Trust.

While due to a flood of unrealistic and uneconomic regulations, industrial production almost came to a standstill, businessmen last week were glad to read the joint letter of 17 Peiping university professors addressed to President Chiang Kai-shek and the Premier. The professors explained that merchants cannot be expected to sell below cost price, that prices are subject to fluctuation, that supply and demand regulate the movement of prices, that controls over foodstuffs in cities will lead to further disturbances if they are not accompanied by a parallel control system in the producing centers, and that, for reasons explained by the professors, control extending over all goods and services is unfeasible in China.

While the Peiping professors gave various explanations and recommended solutions, the local press, on October 27 and the last day under review, reported that the Government's own economic plan foresees that no loans will be extended by banks, that deposits will be frozen and checks will not be cleared through the Clearing House. One can only hope that the vernacular press was misinformed and that no such plans are contemplated, businessmen pointed out.

According to a statement issued by the Eastern Economic Research Institute, retail prices in Shanghai during the week ending October 23 were 5.15 percent above the preceding week's figures. Official wholesale prices, however, were unchanged or practically unchanged. Due to this fact, this business review, for the first time, fails to carry a table of Shanghai wholesale prices.

On Wednesday, October 27, retail supplies in Shanghai as well as other cities, including Nanking, were particularly short, the reason being that merchants expected a price-unfreezing order. News from Nanking, however, indicated that views in that respect continued to diverge and that new regulations were not to be expected before the weekend.

In various lines, for example in the fields of chemicals, items such as dyes and pharmaceutical goods were hardly available on the wholesale market. While some firms certainly had sold out their stocks, the majority of dealers simply refused to sell —under various pretexts—in order "not to lose substance", as they said or with a view to "gaining still more", as the public said.

At any rate, in all economic fields the week under review showed further deterioration.

NEWS OF THE WEEK

Changchun Falls To Communists; Professors Analyze Economy

ALL was in an uproar on China's war and economic fronts. The past week witnessed the fall of Changchun to the Chinese Communists and the voluntary withdrawal of the Nationalists from Chefoo, Kaifeng, Chengchow and Paotou. (Paotou was later reported retaken by Government forces). The dramatic loss of Changchun created a big sensation. The Reds claimed that the Nationalist 60th Army under the command of General Tseng Tse-sheng surrendered, thus enabling them to enter the city of Changchun without much fighting.

The Ministry of National Defence issued a brief account of the fall of Changchun. According to the story, two weeks ago the Changchun garrison was ordered to strike out against the encircling Communists on the city's outer perimeter in coordination with the Government drive against Changwu. On October 17, the Communists struck at the flanks of the 60th Army and captured its Commander, Tseng Tse-sheng. The New 7th Army under Li Hung turned around to the rescue of the 60th Army but found the Communists had already entered the Changchun city area.

In his final message to President Chiang Kai-shek, General Cheng Tung-kuo, Deputy Commander-in-Chief in Manchuria who defended Changchun, said that since the defection to the Communists of General Tseng Tse-sheng and his 60th Army, the New 7th Army had suffered heavy casualties in the severe fighting and the situation was beyond redemption. It was later understood that General Cheng was killed in action.

Commenting on the possible effects of the Changchun battle, the *United Press* wrote: "The fall of Changchun is not only a severe strategic blow to the government but also an irreparable loss of about 40,000 well-trained, seasoned troops and a large quantity of modern war equipment, mostly American made. Its fall will release about seven Communist divisions, which had been surrounding Changchun for the last 10 months, for action in south Manchuria, where reinforced Government troops are now attempting to retrieve the loss of the strategic rail center of Chinchow."

Pro-Government observers, however, explained that the loss of Changchun was not important because the city had long been a liability rather than an asset to the Nationalists.

Latest reports from the front indicated that regrouped Communists in western Liaoning had launched a new offensive against the Nationalist Chinsi-Hulutao "beachhead" in an effort to seal all Government chances of bringing in reinforcements to reopen the strategic Chinchow corridor. The latest Communist strategic move was said to have blunted the northward surge of Government forces toward Chinchow, trapping a small Nationalist force which reportedly succeeded in breaking through the Communists and entered the Chinchow city area. Government troops in the narrow Chinsi-Hulutao beach head were caught in a precarious position, having to fight with their backs to the sea. If the Communists offensive is successful, it is feared a minor "operation Dunkirk" may be repeated on the Manchurian coast.

Meanwhile, Communist units in Changchun were reported to be on their way southward, marching toward Mukden. It is generally believed large-scale fighting is expected pretty soon.

* * *

Yingkow Recaptured

ONE bright spot in the gloomy picture was the Nationalist's recapture of Yingkow. The Communist garrison, which had been occupying the port for the past eight months, failed to offer the expected serious resistance, thereby eliminating the necessity of intervention by a Nationalist naval force assembled outside the harbor.

According to some military observers, this success gives the Nationalists complete control of the Mukden-Yingkow stretch of the Mukden-Dairen railway, but the Government must act quickly if it intends to make full use of the port, as within six weeks the harbor will be completely frozen over. It is further pointed out that there are only two immediate uses to which Yingkow could be put: large-scale landing of troop reinforcements and supplies for holding or recapturing of strategic strongpoints, and the evacuation of Mukden.

What use the Nationalists are going to make of the port of Yingkow remains to be seen. A usually reliable source in Nanking revealed on October 25 that Government troops in Manchuria are making preparations for a general withdrawal into China proper via the newly-opened Yingkow sea outlet. Some Nationalist units have already started moving out of Mukden along the railway to Yingkow. Asked for comment, the military spokesman for the Government said he had no information. He declined to comment on whether such an evacuation is possible or not.

The reported evacuation was advocated by foreign military experts and was understood to have been recently accepted by some of the top-ranking policy makers among the Nationalist military authorities as sound strategy. The collapse in Changchun recently endangered the Nationalist units in the Mukden area and it was argued that if these troops held out any longer they might suffer the same fate as those in Changchun. Yingkow is the only outlet, as the Communists are heavily concentrated in western Liaoning and form what is considered a formidable roadblock on the land corridor to China proper.

* * *

New Drives Seen

AS a result of the recent dramatic developments in the military situation, it is generally predicted that the Reds are going to start new offensives in Manchuria and North China. The Reds openly stated that their occupation of Chinchow and Changchun will result in an acceleration of the "liberation of all Manchuria."

However, some observers stressed that Communist aims depend not only upon solid consolidation of their positions at the two ends of the narrow corridor, but they also have to contend with strong government forces which at present are operating west and south of Mukden with successes so far not challenged by Communist propaganda.

Press reports from Peiping indicated that the Communists are moving troops and supplies into Jehol from Manchuria for a full-scale invasion of North China. It is understood that one of the rear bases for the drive would be Chinfeng, 220 miles northeast of Peiping. The reports said "strange unidentified planes" have been sighted flying over Jehol but gave no further details.

* * *

Government Strategy

THE withdrawal of the Nationalists from Kaifeng and Chengchow, in Honan and the Shantung port of Chefoo was believed to be a strategic move in line with the recent High Command decision to concentrate all available forces for essential operations instead of stretching them to hold isolated points no longer having any strategic value. The southward movement of government forces in Honan coincided with a report issued by General Pai Chung-hsi's Central China headquarters at Hankow that Communist forces under General Liu Po-cheng, totalling eight armies, were poised for an attack on Nanyang, strategic Honan city close to the Hupeh border, with Sinyang chosen as their final objective. Government forces released from Kaifeng and Chengchow were said to be racing

southward to converge on Sinyang, which now remains the last main Government stronghold on the vertical Peiping-Hankow railway above Hankow, to meet the expected Communist attacks.

Withdrawal of Government troops from north Honan considerably shortens the Nationalist defense lines in Central China, with Hsuchow in North Kiangsu as a tip of the eastern salient, stretching northwest from Nanking.

* * *

Acute Shortages

MORE and more people are feeling the pinch of the prevailing nation-wide acute shortages of commodities. People with plenty of Gold Yuan notes in their pockets simply cannot buy things they need, even daily necessities. Long queues are visible everywhere, in front of rice shops, groceries, drug stores, photo studios, piece goods stores, waiting silently and impatiently in hopes of buying something. Those standing in the long queues are mostly elderly women and girls in their teens. Hospitals in Shanghai, encountering serious difficulties in providing food for their patients, are contemplating asking the patients to feed themselves.

The situation is pretty bad. The acute shortage of commodities, it appears has done more than anything else in shaking the confidence of the people and making pessimists of them.

In Peiping, university professors were on strike in order to take time out to borrow money. Telegraph workers in Tientsin and Customs employees in Shanghai also went slow to demand higher pay in spite of the Government ban on strikes during the bandit-suppression period. The people, driven to desperation, were not bothering much about regulations.

The Legislative Yuan in a special session denounced Dr. Wang Wen-hao's government for its apparent inability to cope with the deteriorating situation. In a review of the general situation, open demands were made by several Legislators for the Premier's resignation if he found it "impossible to avert the crisis." The Cabinet was further attacked for alleged failure to act on measures suggested by the Legislative Yuan which, it was argued, would have alleviated the situation to some extent if promptly applied.

* * *

Professors' Views

THERE has been much debate as to whether there should be any revision in the Government's policy of freezing prices at the August 19 level. Some Government leaders insist that the policy be carried out to the bitter end because any revision would inevitably lead to a catastrophic break-through of the price line, the last line of defense for the Gold Yuan. But others think differently. Lei Cheng, minister without portfolio, said many of the frozen prices were not realistic and should be rationally readjusted in order to remove the bottlenecks now obstricting production.

President Chiang Kai-shek and Premier Wong Wen-hao sought academic advice from professors in Peiping in dealing with the present chaotic economic conditions and in saving the new Gold Yuan currency from collapse. It was understood that some professors of economics would be invited to Nanking to advise the Government on economic and financial affairs.

At the same time, 17 Peiping professors presented to President Chiang a long memorandum analyzing the economic ills besetting the country and offering detailed suggestions for their solution. They made the following suggestions to combat the present buying rush, price fluctuations and shortage of commodities:

1. Institution of a rationing system covering all essential daily needs at August 19 prices.
2. Rational raises in taxes and public utility rates to subsidize the rationing system.
3. Prices of commodities other than those of essential daily needs should be unfrozen.

They also suggested that the converted gold, silver, and foreign currency, totalling US$130,000,000 should be used to buy essential daily needs for rationing. They favored free enterprise, promotion of business, prosperity and employment and advocated the lifting of the ban on the sale of luxuries.

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Grateful For Aid

WELCOMING Roger Lapham's appeal for more aid to China, Premier Wong Wen-hao in a public statement said Lapham's views are "entirely in accord with China's actual needs and the Chinese people all feel grateful to him." Wong stressed that greater American aid would strengthen the hand of the Government in dealing with the present economic situation which he admitted had worsened because of intensified Communist economic warfare.

To his way of thinking, although confidence in the Gold Yuan is general, and market conditions had improved "almost overnight," the economic warfare conducted by the Communists has caused "violent repercussions in otherwise stabilized markets" and has created acute shortages of food in Peiping and Tientsin.

Wong said that in North China the Communists were offering high prices for gold bars, creating the highest black market in all China. The effect of the black marketeering in North China is now being felt in other parts of the country.

In conclusion, Premier Wong said: "What I particularly want China's friends to know is that there is going on in China today not only military action but an economic struggle. The government is taking all necessary measures to cope with the new developments."

There is a significant body of opinion among political observers in Washington which believes that a Republican Party victory in the national elections will be the signal for increased emphasis by the United States Government on aiding recovery in the Far East. The Republican attitude toward the Far East has called China the core of the problem. It is known that Republican Presidential candidate Thomas Dewey favored aid to China.

* * *

Backing For Dewey

IT is therefore not hard to understand that Dewey has many supporters in China. In Peiping, a Dewey-for-President parade was staged by an enthusiastic following of Chinese in a demonstration that would have warmed the heart of seasoned precinct campaign manager. A 10-foot tall, lifelike GOP elephant, colored portraits of Dewey attached to each side, had the honor spot in the parade. Close behind were two Chinese carrying a large banner which said in both English and Chinese: "Good Luck Dewey."

The parade even had a band. Although they were not playing one of John Philip Sousa's stirring marches, they came through with plenty of noise. The 10 musicians dressed in green and red Manchu robes, played on their ancient, traditional Chinese instruments.

The marchers, it was said, were composed of youngsters having trouble keeping their pants up and bearded and stately Chinese elders in long Mandarin gowns.

Chinese Magazine Roundup

Observer

PROFESSOR Chang Shen-fu in an article published in the *Observer* of October 23, 1948, makes an urgent appeal for peace, arguing that internal peace is the overwhelming desire and wish of the Chinese people.

"Positively speaking, the most important thing at present is to restore peace. Unless the Civil War is brought to an end the Chinese people, or at least the people living in the big cities in North China and Manchuria, will find it impossible to live and the Chinese nation will lose face.

"Who does not wish for peace? If popular sentiment is used as a yardstick, it is 100 percent correct to appeal for peace. No nation in the world can be expected to carry on civil war or suppress internal rebellions for a hundred years. It would be much better to negotiate for peace at an early date so as to give the people a breathing spell than to talk about peace after half of the Chinese people have perished in the course of war.

"Whatever the causes for the Civil War, it is sheer nonsense to let the fighting go on without doing anything to stop it now that things have come to such a pass. We can look at the disturbing price situation in the leading cities throughout the country. It is barely one month and a half since the promulgation of the currency reform program. The nation-wide panic and nervousness are not to be estimated in terms of dollars and cents. If the present state of things is allowed to take its own course without anything being done about it, there is no telling where it will lead. But as long as military operations continue, it will be impossible to find a fundamental solution for improving the economic life of the Chinese people."

However, Professor Chang stresses that to appeal for peace is one thing but to bring about actual peace is something else. The latter question calls for mature consideration and discussion. "As a matter of fact, although it is extremely difficult to talk about concrete plans for achieving peace, yet the basic principles for this purpose are quite simple. Several years ago, I set forth a widely-accepted slogan of 'democracy, peace, and national unity.' The word-order of the slogan was highly significant. The reason is quite obvious. We must have democracy before we can hope to have peace. Similarly, there can be no national unity unless there is internal peace. It may be safely said that once there is democracy there will be peace and that national unity will be accomplished the moment internal peace exists. This program is applicable to the present situation."

Professor Chang says he understands perfectly well that at the present time when the Government and the Chinese Communists are locked in a life-and-death struggle and when one side appears to be gaining the upper hand any appeal for peace might be misunderstood and therefore might fall on deaf ears. He further points out that any political solution of the bandit-suppression problem would be a world of good for the Government. Therefore it would be much better for the Government to take the initiative on the political front rather than on the military front. Any such move, the professor explains, would win over the people.

In conclusion, Professor Chang emphasizes that the kind of peace he prays for and which should be restored must be "genuine and lasting peace." "It must be that kind of peace which serves the interests of the Chinese nation and Chinese people. At the same time, all appeals for peace must be based on sincerity and on the welfare of the people, and should not be used to serve ulterior and sinister purposes. They should not be used to gain a breathing spell for this or that side in the present fight."

* * *

Reconstruction Review

TUNG Shih-tsin, leader of the Farmers' Party of China, writes in the *Reconstruction Review* of October 5, 1948, that in spite of the formation of a multi-party constitutional government the evil practice of one-party rule in China dies hard.

"Three years ago, when the Kuomintang announced the termination of its political tutelage and the formation of a constitutional government, political groups sprang up in this country like mushrooms. It was reported at one time that there were as many as 100 such political organizations. Although we were not sure whether all these organizations could be rightly called political parties, the fact remained that the rapid growth of such organizations indicated that the people were interested in politics.

"But how does the situation stand today? How many political parties still remain in existence. Apart from the Kuomintang and the Communist Party which are engaged in an armed struggle to cut each other's throats, only two minor parties, the Young China Party and a section of the Democratic Socialists, can carry on their activities in the open. But sandwiched as they are between the Kuomintang and the Communists they have little say in Chinese politics.

"The Kuomintang, using the minor parties as decorations for the Government, regards it as plausible to tell the whole world that China's government is no longer a dictatorship of one-party rule. Of course, this can fool nobody. . . .

"In point of fact, with the promulgation of the General Mobilization Order for the suppression of rebellions, political activities and political organizations of the people have been drastically curtailed. Though the Government has not yet issued any formal order prohibiting the formation of political parties, the general public has been duly warned to exercise the utmost caution in such matters.

"From my personal contacts with people in different walks of life I have discovered that they betrayed a certain sense of fear when the term 'political party' was brought up for discussion. Especially in small towns, the very mention of political parties seemed to strike terror in the hearts of the people. Some of them looked upon participation in the work of any political party as evidence of being guilty of treason. They feared that a person might lose his job or ever his life if found by the Government to have joined a party of the Opposition. . . .

"I fail to understand exactly what the idea of the ruling party is on this point. If it is designed to continue the one-party regime, then the one-party dictatorship may as well be extended openly for any period of time. If on the other hand, there is any real desire for democracy and constitutional government then the various political parties should be lifted, so that the people may feel free to join any political party they like or take part in any political activity.

"That China has been full of trouble these years cannot be all blamed on the rebels, for in many instances they have been driven to desperation. The people are dissatisfied with the Government, yet they cannot seek its reorganization by peaceful means, nor can they urge the Government to reform itself. Naturally, they resort to armed revolution. Unless the Government changes its present policy, revolution and rebellion can never be suppressed."

Tung finally offers a piece of advice to the leaders of the Kuomintang. "The world and future generations will measure the success or failure of the Kuomintang, not by its ability to maintain forever the political power in this country or its success in suppressing other parties, but rather by early implementation of genuine democracy in China. If the Kuomintang appreciates the fact that the success of the Chinese nation will be the success of the Kuomintang, that the achievements of democracy will be regarded as the achievements of the Kuomintang, then the party leaders should issue strict orders throughout the country prohibiting any interfering with the activities of those political parties that are not carrying out an armed struggle."

US Magazine Roundup

Newsweek

AN article on Burma entitled "From Kipling to Communist Chaos" appearing in the August 30, 1948, issue of *Newsweek* magazine points to the great changes that have taken place in that country since the days of the poet who "sang of the white man's burden" and who was an "apostle of British imperialism."

When the British laid down the white man's burden in Burma last year, the article states, "that traditionally turbulent country thereupon became the scene of bitter factional fights, with Communists seeking to overthrow a left-wing government. The pattern was repeated through the Far East—in Malaya where a British Army waged full-scale war to beat down Red rebellion, in Indonesia where Communist terrorism increased both in the Dutch-held areas and in the Indonesian Republic, in Communist-infested China, and in a Japan facing Communist-inspired labor trouble.

"According to the Burmese, the five great evils are war, plague, famine, death—and government. The Burmese, therefore, resist all government with enthusiasm."

In a brief recapitulation of recent history the article says: "The Communists under Thakin Than Tun had gone underground last March after the Socialist government of Premier Thakin Nu broke a series of Red-inspired strikes. In July most of the People's Volunteer Organization—a quasi-military political faction of wartime guerrillas—broke away from the government and joined forces with the Than Tun Reds. At the same time Burmese troop units rebelled. Dacoits (bandits) popped up all over the country from the hot, fertile Irrawaddy Delta to the heavily jungled Chin hills in the northwest. The insurgents gained control of large parts of Central Burma and were thus able to cut the country's most important communication line, the 380-mile north-south railway from Rangoon to Mandalay."

Of the Communists and their leadership the article says: "Although there was little or no evidence of actual Russian direction of the Burmese uprising, the entire plan of action was apparently laid down at a meeting of Asiatic Communist parties held in Calcutta last February;" and of the international implications of the Burma conflict: "Chaos in Burma affects much of the rest of the Far East because Burmese rice helps feed India, Malaya and Ceylon, and before the war went to China and Japan as well. All rice exports have currently been halted. The Indian Government is concerned over possible attacks on Indian merchants in Burmese cities while the British worry about the 1,000 Britons concentrated in Rangoon. One cause of the insurrection was the government's decision to reimburse foreign ownership for nationalized property. The Chettyars, Indian money lenders, own hundreds of thousands of acres of paddies which they foreclosed during depression years. British investments have been estimated as high as $400,000,000."

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United Nations World

"PEARL Buck Offers" a few wise words on the price of rice and the Chinese Communists in her interpretation of the present mood of China published in the September 1948 issue of *United Nations World*. Concerning the part which the price of rice plays in Chinese politics, she says:

"The Chinese people in their age-old common sense have never rushed to rid themselves of tyrants. They are not hurrying now. They believe that Heaven and Nature will perform the act. How do they know when Heaven has decreed against a tyrant? By the simple fact that the price of rice has gone higher than the average man can afford to pay. A good ruler keeps the price of rice down. When he is no longer able to keep it down, it is time for him to go.

"Chinese democracy is symbolized in the family, now as always. The Chinese conceive of the relationships of the people to the ruler and his advisers as the same that hold in a family, between the fatherhead, older brother subordinate-heads and the other members. Chinese democracy, when it takes final shape, will not rest on political machinery but on paternally democratic individuals; and a fatherly man will be the head, to continue in office so long as he is able to hold the respect and trust of the people by keeping the price of rice down.

"The essential quality of the Chinese concept of democracy may be found in the rejection of the idea of wholesale merchandising. Two ounces of spring melon, the old story goes, sold for three small cash an ounce. When a rich man said 'What will the price be on a hundred times two ounces?' the answer was, 'It is still three small cash for two ounces.' Why should the rich be able to buy more cheaply than the poor and so use up all the necessities of life? China is naturally organized against monopolies. Such accumulations as have been made were made under the corrupting conditions fostered by foreign taxes and customs.

"At present, the price of rice in China is fabulous, far above the ability of the people to pay. Rice is the basic commodity, and all other commodities are related to it. It is comparable to steel in the United States. Since the Nationalist government can do nothing, apparently, about reducing prices, it is, in the opinion of the people, doomed to fail.

"They have watched with interest the efforts of the Americans to bolster this decaying regime. Had the bolstering been able to reduce the price of rice, it would have had significance. But this would have taken many billions of dollars, in fact the taking over and complete reformation of the whole Chinese economy. The Chinese knew that the Americans were not prepared to go so far. Therefore, they have known from the beginning that the present regime was doomed, in spite of small delays."

In the same article the author comments on the Chinese attitude toward the Communists as follows: "The Chinese, having seen that the price of rice has risen above all precedent under the present leaders, know that it is time to look for others. They are scanning their horizons with full confidence. Leaders have always risen from the people and will always rise. It is a question of time. The time has been unduly stretched because of the interference of foreign nations, notably the United States, but the end will come.

"What about the communists?

"The question the Chinese people ask is—what sort of men and women are they? Are they Chinese first or Communists first? The Chinese believe that there are both kinds. The Communists who are Chinese first are those who have got their Communism second-hand, who have never left their native soil. The Communists who are Communists before they are Chinese are the returned Russian-trained students. They 'have drunk Communist milk from the breast of Soviet Russia.'

"The Chinese people believe, generally speaking, that the first group will come back into Chinese life, bringing with them ideas which may revivify their country. But the returned-student Communists will never again be trusted to be loyal to China.

"Is it likely, then, that the new leaders will be Communists of the first sort? The Chinese people say Nature forbids. These Communists are men who understand peasants and peasant life but they have no experience in government. Traditionally, Chinese government lies in the hands, not of peasants, but of men of learning and philosophy. The new leaders will rise from these again, and in their wisdom they will call upon others who understand peasant life to help them but not control. Again the test will be the price of rice.

"The Chinese people are thinking these things, and they wait as they have waited sometimes for a hundred years. They wait until again Heaven and Nature guide their way."

What US Papers Say

THE question of United Nations control of atomic energy, the setting up of world wide inspection system and other collective safeguards, was discussed widely in last week's press. Also editorialized were the Korean situation, Soviet policy in Berlin and China's political strife.

* * *

Atomic Control

THE action of the UN Assembly's Political Committee this week on the atomic control question constitutes formal recognition by the overwhelming majority of the United Nations that future progress depends directly on acceptance by the Soviet leaders of the inspection and other control provisions found necessary by the UN Atomic Commission, editorials in the US press point out.

Consequently, they emphasize, the issue is now before the Soviet leaders and the world is awaiting indications that the Soviet Union is ready to do its part as a free member of the world community.

The *Pittsburgh Post-Gazette:* "By rejecting Vishinsky's latest atomic proposals, the United Nations has given the lie to Soviet propaganda that the world lives in terror of America's atomic monopoly.

"Only the six-nation Soviet bloc on the all-nation Political Committee voted for the phony Vishinsky plan under which atomic weapons were to be scrapped simultaneously with the setting up of an international control agency. This would really have meant our destroying present stockpiles — and thus giving up our last check on Soviet aggression—before the Russians would even be willing to discuss future regulations."

The *St. Louis Post-Dispatch*: "A world which is poised on a cosmic banana peel must feel a bit more secure for the UN action on the atomic energy problem. While nothing has been settled, it seems that there is to be more talk, and while there is talk, there is hope....

"The smaller powers have indicated that they are themselves ready to conform to any reasonable plan. And they have indicated further that they believe the American position to constitute such a plan. Thus, the American position has gained greatly in prestige. At the moment, this gan obviously has not impressed the Russians. They are against the U.S. plan as before. But who can say that further deliberations may not open their eyes?"

The *Des Moines* (Iowa) *Register*: "If the Eastern and Western power clusters ever reach a stage at which they can work together in general, they will find a way to cooperate in atomic energy control. Until this spirit of work-together-ness appears in Russian behavior, there is little chance for a friendly solving of either atom control or most other world problems."

The *Hartford* (Connecticut) *Courant*: "Speaking at the Herald Tribune forum in New York the other night, Bernard Baruch had this to say: 'It was to free atomic energy for usefulness that the American people took the bold and unprecedenteely generous action of offering to give up this, the most powerful weapon in history, on one condition—that no other nation be able to make the atom bomb.' That is the trouble. The Soviet offer leaves the way open for a morbidly secretive Russia to manufacture the bombs, and to veto sanctions if any illegal bomb-making is discovered. The US plan, supported by all nations except Russia and its satellites, would mean that there could be no bombs anywhere, and no veto."

The *Indianapolis News* said in part: "Refusal to submit to international inspection plus a record of world-wide aggression are enough to refute any claim to sincerity Russia may have in advancing disarmament proposals. The Soviet attitude in refusing even to discuss the explosive Berlin situation in the UN Security Council symbolizes the absence of any basis for frank and friendly dealing that might lead to a mutual reduction in armaments."

* * *

USSR In Berlin

COMMUNIST policy in Berlin was cited in a *Chicago Daily News* editorial as an example of a world-wide Soviet effort to undermine public faith in a national currency as the prelude to revolution. The editorial, headed "Money, Good and Bad," said:

"William McGaffin. Daily News correspondent in Germany, wrote a few lines about a car-load of potatoes on a railway siding. The words are worth a college semester on finance in bringing home the importance of sound money. 'The potatoes are in,' said McGaffin's companion. And there was no scramble to get them, Every German with new reformed currency in his pocket can buy potatoes and knows that he can. This time last year, German city workers were not at their jobs. They were roaming the countryside to barter rugs, house-hold furniture, China sets and what-have-you for potatoes.

"The Russians understood well what sound money means in Western Germany. They know that the first step to revolution in any land is to undermine the faith of the people in their government's credit and money.

"The blockade of Berlin followed the Allied currency reform as a matter of course. There is no hope for ousting the Western Allies from Germany by revolution if sound money leads to real economic recovery. Something had to be done to upset recovery and give chaos another chance. "Next to language, money is man's greatest invention. But the miracles of good that are wrought by sound money are matched by the disasters that come from bad money."

* * *

Korea Revolt

WHILE the situation surrounding the armed revolt south of Seoul remained unclear, initial US newspaper comment today sounded a warning that not only the United States but the whole United Nations would be involved if the uprising signals a Communist showdown with the UN-sponsored Government in southern Korea.

The (Scripps-Howard) *Washington Daily News* said: "Unless the Korean Republic can suppress the Red military rebellion quickly, a full-scale Far Eastern war might result. Stalin is in a position to start such a war. But it is too early yet to determine whether he has planned this as another of his fifth-column sideshows or something much bigger . . . . It would not be as easy for Stalin to finish a war in Korea as to start one, because sooner or later he would have to dispose of both the United Nations and the United States. He should watch his step."

The *New York Times* said the next few days should tell whether this is the beginning or the long-feared showdown or just another Communist attempt "to keep in turmoil all areas in the Far East not under their absolute control."

The *Times* asked: "Is it only coincidence that the Korean revolt should break out on the same day that Moscow Radio announced the beginning of the promised withdrawal of all Red Army troops from North Korea? It has been forecast for some time that this withdrawal would be the signal for exactly what has occurred.

"The only unanswerable question is why an effort should be made to overturn the Rhee Government while the United States still has several thousand troops in southern Korea. Although these troops are not immediately involved, full-scale civil war could hardly be carried on without some clash with American authority. The United States is still committed to keep its troops in South Korea until it is asked by the United Nations to remove them."

What Chinese Papers Say

EDITORIAL comments in the Chinese press last week centered around the question as to how to tide over the present economic and military crisis. It is generally agreed that in view of the urgency of the situation, it is absolutely necessary for the Government to restore the confidence of the people.

* * *

Economic Crisis

THE Catholic organ, *Yi Shih Pao*, noted a remarkable change in the "mentality" of the people since the buying rush started.

"During the past several days, commodities have been hidden by merchants and there has been an acute shortage of different kinds of commodities. On the other hand, people have no way of using their money, with the result that all public places of amusement were overcrowded. Everyone is anxious to try to seek a brief period of enjoyment and pleasure. The prevailing mood is one of enjoying oneself as soon as one can. While we do not agree entirely with the charges of 'fin de siecle,' it is impossible for us to find another fitting interpretation for this situation.

"The developments in the past 10 days clearly indicate public confidence in the Gold Yuan has been rudely shaken and the pessimistic atmosphere has become heavier.

"An analysis of the main cause of the present economic situation reveals a fact to which we must pay close attention. What the people are interested in today is 'goods' rather than 'prices.' As the threat to their livelihood becomes more and more serious each day, the people cannot be expected to do some cool-headed thinking about the whole situation. They are much more worried about meeting their present requirements. They are not interested in what the future holds for them. For instance, everybody knows that the future of the Gold Yuan has a lot to do with the destiny of the Chinese Nation, that they should give active support to economic controls and that they should line up on the side of the Government in fighting blackmarkets and the unscrupulous merchants, but they feel worried and confused in action.

"The present situation is such that many people are only interested in obtaining goods, even at prices much higher than Government ceilings. As a result, blackmarket transactions have become more rampant. This has caused a local English language newspaper to make the insulting remark that the Chinese people are backing the unscrupulous merchants in their cold war with the Government authorities.

"The Government should leave no stone unturned in regulating supply and demand. The most effective method of changing the idea of the people is to take some concrete measures. For example, in order to put an end to the present buying spree, the Government has decided upon an over-all rationing system, so as to ensure that there will be no shortage of daily necessities. But why has the Government not tried to dispel the prevailing fear of the people? It is not because the people cannot stand austerity and want to lead a comfortable life, but because they are not sure of the future."

* * *

Stiff Test

THE *Chin Yung Jih Pao* stressed the Government's economic controls are now being faced with a stiff test and the problems to be solved are how to divert idle capital to good use and how to boost production.

"The problem of idle capital has come to a head as the result of the conversion of private-owned gold, silver and foreign exchange into Gold Yuan notes. It is understood that this conversion totals GY600,000,000. This huge amount of newly-released capital together with the idle capital originally available in the markets, led to a nation-wide buying rush. Although the run on shops has subsided somewhat, yet there is now a shortage of goods. The man in the street is jittery and some people even feel that economic controls are in danger of collapse like a house of cards.

"But what is the real situation? We feel that it is not so grave as it is generally believed. The most serious problem connected with production is the present shortage of raw materials. While this is partly due to the fact that prices in the producing areas are higher than those in Shanghai and to the reduction of imports from foreign lands, it also must be pointed out that manipulation and hoarding by some unscrupulous merchants must share some of the blame.

"The economic authorities should attach great importance to these two points. First, economic controls must be thorough and all-embracing. They must be thorough in that there must be proportionate, reasonable ceiling prices for both raw materials and finished products so that production and distribution may be linked in a normal manner. They must be all-embracing in that ceiling prices in different parts of the country must be coordinated so as to insure interflow of goods. Otherwise, supply of goods for those places where control is comparatively rigid is bound to be cut off. Second, imports of raw materials must be increased. The suggestion of the economic control authorities in Shanghai that the ban on imports paid for by private-owned foreign exchange should be lifted is quite reasonable and it has our hearty approval. In addition, we think the Government should use part of the gold and foreign exchange it has obtained in the recent conversion to cover essential imports so that the problem of raw materials may be solved in the future."

* * *

Free Press

THE independent *Ta Kung Pao* discussed the delicate issue of freedom of information, pointing out that a free press is helpful to the Government.

"Fundamentally speaking, the press is but a mirror, which reflects realities. If the realities are ugly, the mirror cannot be expected to show a beautiful picture, no matter in what way you control it. The question today is whether this mirror which reflects reality is still wanted. We can understand the censorship of military news in an emergency period, but when 'all materials for publication' are subject to control it means that this mirror has broken to pieces.

"If a man stands before the mirror, clad in black, how can you expect to see a man dressed in white in the mirror. To order newspapers to publish materials handed out by the Government authorities would be like wanting to see a desired color in the mirror.

"We have frequently heard the Government blame the people for their 'unhealthy mentality.' We dare say that if the Government wants the people's mentality to be healthy, the most important thing for it to do is to leave the mirror alone, so that everybody will be able to know what is black and what is white. Moreover, a free press is the only bridge between the Government and the people and when this bridge is cut, everything will be lost.

"We feel quite ashamed to say that recently, a certain psychological factor, the exact nature of which we do not know, has made us reluctant to talk lightly about problems of internal politics. Now, however, due to the prevailing atmosphere, we cannot help discussing this problem of free information, which is directly related to the fate of the press. Although we know this is against the current trends, we still hope that such discussion will be helpful."

The Review's English Lesson—LV

THIS WEEK'S lesson will be devoted to answering various questions sent in by our readers. Mr. Lin Tung has asked for definitions of the following words:

1) **baffling**—an adjective that means thwarting or completely perplexing.

2) **citizenry**—the mass of citizens.

3) **Felix Helvetia**—an expression from Latin meaning happy and prosperous Switzerland.

4) **welcome mat**—a piece of material placed in front of a door on which visitors wipe off their feet before entering the house, and on which is printed the word "welcome" to signify that all visitors will be cordially received.

5) **clamp down on**—bear heavily on or bring pressure to bear upon.

* * *

Below are answers to questions of Mr. Sur-Kung Yang.

1) What salutation and signature should be used in writing a letter to one's father—and mother-in-law?

This is determined by the degree of formality in your relationship. For example, if you address your father — and mother-in-law as "Mr. and Mrs.—," you would begin a letter to them with "My dear Mr. and Mrs.—" or "Dear Mr. and Mrs.—." These salutations may also be used with a given name, with the term "father and mother," or with any other name you may use in personally addressing your "in-laws." Salutations such as "Mother dear," "Dearest Mother," and "Darling Mother" are increasingly intimate. The closure, again, should be in keeping with your relation to your correspondent. "Sincerely" and "Sincerely yours" are the most formal closures for a letter, and may be replaced by more intimate expressions such as "Affectionately," "With love," or "Devotedly." The most common signature used is the given name or the name by which your "in-laws" call you. Never under any circumstances sign a personal letter "Mr." or "Mrs."

2) Please explain the following words:

highlights—events, items, etc. of paramount interest. The expression comes from the fact that, in looking at a painting or drawing, the brightest spots or places of highest light in the picture first attract the eye.

haywire—wrong. Haywire is a soft wire used primarily for tying bales of hay, but also, because of its pliability, used in a variety of repair jobs. The derived meaning is "cheaply repaired" and indirectly the expression "gone haywire" has come to mean "gone wrong."

de jure—a legal expression taken from Latin meaning "by right" or "by a lawful title."

per capita—based on each person. Capita is the plural of the Latin word "caput" or "head;" hence the expression literally means "per head."

3) Would the following sentence be correct if "it" were omitted after "whose task?"

"The Pauley Mission was followed by a group of representatives of leading American engineering concerns **whose task it** was to rate and evaluate Japanese industrial plants in order to provide a complete, technical basis for reparations removals."

The sentence would be correct with or without the "it."

4) Is there any grammatical mistake in the following sentence?

"Most newspaper comment on the subject of Communist agents in the U.S. made the point that the testimony indicated, in broad outline, a Communist effort to infiltrate the Government and to obtain secret information for the Soviet Union."

The sentence is perfectly correct although a more simple and direct construction might well have been used.

* * *

Meanings of the words and abbreviations below are given in answer to a letter from Mr. T. K. Chen.

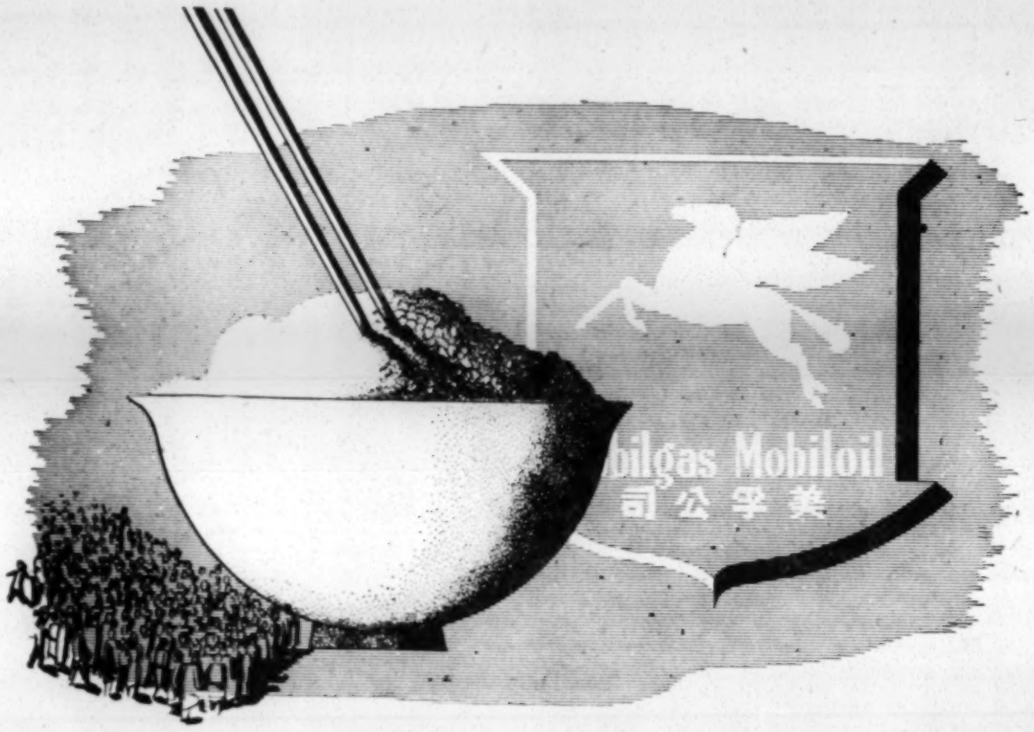
1) **totalitarian** — of or concerning a highly centralized government controlled by one political group which grants no recognition or representation to any other political parties.

2) **blueprint**—a photographic print which is white on a bright blue background and which is used for copying maps, architectural plans, etc. It has come to mean any plan.

3) **GOP**—Grand Old Party, another name for the Republican Party of the U.S.

4) **SCAP**—Supreme Commander (of the) Allied (Forces in the) Pacific, or General Douglas MacArthur.

5) **ECA**—Economic Cooperation Administration.



The big rice bowl

The Standard-Vacuum Oil Co., its agents, distributors, and contractors have for years employed more Chinese than any other private American enterprise in China.

For more than half a century our Chinese staff have played a vital part in the industrial development of their country, helping fill countless thousands of other rice bowls.

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